

# INTERNAL REVENUE BULLETIN



## HIGHLIGHTS OF THIS ISSUE

**Bulletin No. 2016–26**  
**June 27, 2016**

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

### **REG–126452–15, page 1162.**

In general, gain on a sale of appreciated property by a corporation is taxed to the corporation when the sale occurs and to the shareholders when the proceeds are distributed as dividends. In addition, gain is recognized by a corporation on a distribution of appreciated property to its shareholders. However, the corporate organization and reorganization provisions, in certain circumstance, permit a corporation to transfer property to a controlled corporation and distribute the stock of the controlled corporation to its shareholders in a transaction in which no gain is recognized on either the transfer of assets or the distribution of stock. Concerns arise when these provisions are used to cause property of a corporation to become property of a real estate investment trust (“REIT”) because gain on the property will rarely be taxed at the corporate level while the property is in the hands of a REIT. The proposed regulations will cause gain to be recognized, and taxed at the corporate level, in an amount approximating the amount that would have been recognized if the corporation had disposed of the property in a taxable sale, exchange, or distribution.

### **Rev. Rul. 2016–12, page 1046.**

Interest rates: underpayment and overpayments. The rates for interest determined under section 6621 of the code for the calendar quarter beginning July 1, 2016, will be 4 percent for overpayments (3 percent in the case of a corporation), 4 percent for the underpayments, and 6 percent for large corporation underpayments. The rate of interest paid on the portion of a corporation overpayment exceeding \$10,000 will be 1.5 percent.

### **Rev. Rul. 2016–15, page 1060.**

This revenue ruling clarifies that real property held for lease in a leasing business is real property used in a trade or business. Accordingly, indebtedness, incurred or assumed, and secured by such property is qualified real property business indebtedness for purposes of section 108(c)(3)(A). Real property held primarily for sale to customers in the ordinary course of business is not real property used in a trade or business for purposes of section 108(c)(3)(A).

### **Rev. Rul. 2016–16, page 1062.**

This ruling contains an updated list of all geographical areas included in the North American area for purposes of section 274 of the Code. Rev. Rul. 2011–26 modified and superseded.

### **Rev. Proc. 2016–36, page 1160.**

The revenue procedure provides that Notice 2016–39, recovery of investment in the contract from payments received from a retirement plan by an employee during phased retirement, does not apply to amounts that are received from a non-qualified contract. The revenue procedure concludes that in applying the § 72 regulations cited in the Notice to non-qualified contracts, the possibility of further contributions to the contract or a subsequent election under the contract to receive the benefit payable under the contract in a different manner generally will not affect the determination of whether payments are amounts received as an annuity.

**(Continued on the next page)**

**T.D. 9770, page 1041.**

In general, gain on a sale of appreciated property by a corporation is taxed to the corporation when the sale occurs and to the shareholders when the proceeds are distributed as dividends. In addition, gain is recognized by a corporation on a distribution of appreciated property to its shareholders. However, the corporate organization and reorganization provisions, in certain circumstance, permit a corporation to transfer property to a controlled corporation and distribute the stock of the controlled corporation to its shareholders in a transaction in which no gain is recognized on either the transfer of assets or the distribution of stock. Concerns arise when these provisions are used to cause property of a corporation to become property of a real estate investment trust ("REIT") because gain on the property will rarely be taxed at the corporate level while the property is in the hands of a REIT. The temporary regulations will cause gain to be recognized, and taxed at the corporate level, in an amount approximating the amount that would have been recognized if the corporation had disposed of the property in a taxable sale, exchange, or distribution.

**EMPLOYEE PLANS****Notice 2016–38, page 1065.**

This notice sets forth updates on the corporate bond monthly yield curve, the corresponding spot segment rates for June 2016 used under § 417(e)(3)(D), the 24-month average segment rates applicable for May 2016, and the 30-year Treasury rates. These rates reflect the application of § 430(h)(2)(C)(iv), which was added by the Moving Ahead for Progress in the 21st Century Act, Public Law 112–141 (MAP–21) and amended by section 2003 of the Highway and Transportation Funding Act of 2014 (HATFA).

**Notice 2016–39, page 1068.**

This notice provides guidance as to whether payments received by an employee from a qualified defined benefit plan during phased retirement are amounts received as an annuity under section 72 of the Internal Revenue Code. This notice does not apply to amounts received from non-qualified contracts.

**ADMINISTRATIVE****Rev. Proc. 2016–34, page 1072.**

Pub. 1167, General Rules and Specifications for Substitute Forms and Schedules, provides guidelines and general requirements for the development, printing, and approval of substitute tax forms. Rev. Proc. 2015–55 is superseded.

**Rev. Proc. 2016–35, page 1109.**

This procedure provides specifications for the private printing of red-ink substitutes for the 2016 revisions of certain information returns. This procedure will be reproduced as the next revision of Publication 1179. Rev. Proc. 2015–35 is superseded.

# The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the 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.

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.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

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

T.D. 9770

## DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

### Certain Transfers of Property to Regulated Investment Companies [RICs] and Real Estate Investment Trusts [REITs]; Final and Temporary Regulations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

SUMMARY: This document contains final and temporary regulations effecting the repeal of the *General Utilities* doctrine by the Tax Reform Act of 1986 and preventing abuse of the Protecting Americans from Tax Hikes Act of 2015. The temporary regulations impose corporate level tax on certain transactions in which property of a C corporation becomes the property of a REIT. The temporary regulations affect RICs, REITs, C corporations the property of which becomes the property of a RIC or a REIT, and their shareholders. The text of these temporary regulations also serves as the text of part of the proposed regulations in the related notice of proposed rulemaking (REG-126452-15) set forth in the Proposed Rules section in this issue of the **Bulletin**.

DATES: These regulations are effective June 7, 2016.

#### FOR FURTHER INFORMATION

CONTACT: Austin M. Diamond-Jones, (202) 317-5085 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background

##### 1. *The General Utilities Doctrine, Its Repeal, and Section 337(d)*

In general, gain on a sale of appreciated property by a C corporation is taxed

to the corporation when the sale occurs and to the shareholders when the proceeds are distributed as dividends. Historically however, a corporation generally could distribute appreciated property to its shareholders without recognition of gain to the corporation under the so-called *General Utilities* doctrine arising from interpretations of *General Utilities & Operating Co. v. Helvering*, 296 U.S. 200 (1935). See H.R. Rep. No. 99-841, at 198 (1986) (Conf. Rep.); H.R. Rep. No. 99-426, at 274-75 (1985).

Beginning in 1969, a series of statutory limitations on the *General Utilities* doctrine were enacted into law. In the Tax Equity and Fiscal Responsibility Act of 1982, Public Law 97-248, 96 Stat. 324, current section 311(b) (originally designated as section 311(d)) was added to the Internal Revenue Code (Code) and required a corporation to recognize gain on appreciated property distributed to a shareholder in redemption of shares. Legislation enacted in 1984 required gain recognition for all non-liquidating distributions. Finally, what remained of the *General Utilities* doctrine was repealed (*General Utilities* repeal) by the enactment of subtitle D of title VI of the Tax Reform Act of 1986, Public Law 99-514, 100 Stat. 2085 (the Act), which amended sections 336 and 337 of the Code to require corporations to recognize gain or loss on the distribution of property in connection with complete liquidations other than certain subsidiary liquidations. Section 337(d) was added to the Code by section 631(a) of the Act and subsequently amended by section 1006(e)(5)(A)(i) through (ii) of the Technical and Miscellaneous Revenue Act of 1988, Public Law 100-647, 102 Stat. 3342 (the Technical Amendment). This document contains amendments to 26 CFR part 1 under section 337(d).

Section 337(d) directs the Secretary of the Treasury to prescribe regulations that are necessary or appropriate to carry out the purposes of *General Utilities* repeal, including “regulations to ensure that such purposes may not be circumvented through the use of any provision of law or

regulations (including . . . part III of this subchapter) or through the use of a regulated investment company, real estate investment trust, or tax exempt entity. . . .” The legislative histories of the Act and the Technical Amendment underscore the broad grant of regulatory authority and Congress’ expectation that the Treasury Department and the IRS would issue or amend regulations as necessary to further the purposes of *General Utilities* repeal, “includ[ing] rules to require the recognition of gain if appreciated property of a C corporation is transferred to a RIC or a REIT in a carryover basis transaction that would otherwise eliminate corporate level tax on the built-in appreciation.” H.R. Rep. No. 100-391, at 1199 (1987); see also H.R. Rep. No. 99-841, at 204 (1986) (Conf. Rep.). Section 337(d)(1) specifically refers to ensuring that the purposes of *General Utilities* repeal are not circumvented through the use of the corporate organization and reorganization provisions of part III, subchapter C, chapter 1 of the Code, which include section 355.

##### 2. *Section 355 and the PATH Act*

Section 355 generally provides that, if certain requirements are satisfied, a corporation may distribute stock (or stock and securities) of one or more controlled corporations to its shareholders and security holders without the distributing corporation, its shareholders, or its security holders recognizing income, gain, or loss on the distribution (a section 355 distribution). In the course of enacting certain amendments to section 355 as part of the Omnibus Budget Reconciliation Act of 1990, Public Law 101-508, 104 Stat. 1388, Congress described section 355 as a “limited exception to the repeal of the *General Utilities* doctrine intended to permit historic shareholders to continue to carry on their historic corporate businesses in separate corporations” and stated that “[t]he present-law provisions granting tax-free treatment at the corporate level are particularly troublesome because they may offer taxpayers an opportunity to avoid the general rule that



corporate-level tax is recognized when an asset (including stock of a subsidiary) is disposed of.” 136 Cong. Rec. S15704 (daily ed. Oct 18, 1990).<sup>1</sup> Further, Congress noted that “[t]he bill is not intended to limit in any way the continuing Treasury Department authority to issue regulations to prevent the avoidance of the repeal of the *General Utilities* doctrine through any provision of law or regulations, including section 355.” *Id.* at S15705.

On December 18, 2015, the President signed into law the Protecting Americans Against Tax Hikes Act of 2015 (PATH Act), enacted as Division Q of the Consolidated Appropriations Act, 2016, Public Law 114–113, 129 Stat. 2422. Section 311(a) and (b) of the PATH Act added to the Code sections 355(h) and 856(c)(8), respectively. Section 355(h)(1) of the Code provides that section 355 shall not apply to a distribution if either the distributing corporation or the controlled corporation is a REIT. Section 355(h)(2) provides exceptions permitting a REIT to distribute the stock of another REIT or of a taxable REIT subsidiary under certain conditions. Section 856(c)(8) provides that a corporation may not elect REIT status during the ten-year period following a section 355 distribution if such corporation was the distributing corporation or the controlled corporation in that distribution. Section 311(c) of the PATH Act provides that sections 355(h) and 856(c)(8) apply to distributions on or after December 7, 2015, but do not apply to any distribution pursuant to a transaction described in a ruling request initially submitted to the IRS on or before such date, which request has not been withdrawn and with respect to which a ruling has not been issued or denied in its entirety as of such date.

### 3. Prior Regulations

In certain cases, *General Utilities* repeal could be circumvented if property of a C corporation becomes the property of a RIC or a REIT (converted property) by a transfer of the converted property from a C corporation to a RIC or a REIT or by

the qualification of the C corporation as a RIC or a REIT (either, a conversion transaction). A conversion transaction could result in elimination of the corporate level of gain in the converted property, including gain from the sale of the property, because RICs and REITs generally are not subject to tax on income that is distributed to their shareholders.

The Treasury Department and the IRS issued Notice 88–19 (1988–1 C.B. 486) on February 4, 1988. Notice 88–19 announced the IRS’s intention to promulgate regulations providing that a C corporation engaging in a conversion transaction would be treated, for all federal income tax purposes, as if it had sold all of its assets at their respective fair market values (deemed sale treatment) and immediately liquidated, unless the C corporation elected to be subject to tax under section 1374 with respect to the C corporation property (section 1374 treatment). If elected, section 1374 treatment would subject the RIC or REIT to corporate-level taxation on the built-in gain recognized during the ten-year period following the conversion transaction on the converted property. Temporary regulations under § 1.337(d)–5T (TD 8872) and a notice of proposed rulemaking cross-referencing the temporary regulations (REG–209135–88) were published in the **Federal Register** (65 FR 5775, 65 FR 5805) on February 7, 2000, and reflected the principles set forth in Notice 88–19.

Additional temporary regulations under §§ 1.337(d)–6T and 1.337(d)–7T (TD 8975) and a notice of proposed rulemaking cross-referencing the temporary regulations (REG–142299–01 and REG–209135–88) were published in the **Federal Register** (67 FR 8, 67 FR 28) on January 2, 2002. The proposed regulations cross-referencing §§ 1.337(d)–5T through –7T, with modifications, were adopted on March 18, 2003 (TD 9047), and published as final regulations in the **Federal Register** (68 FR 12817).

### 4. Current Regulations

The final regulations in §1.337(d)–6 apply to conversion transactions occur-

ring on or after June 10, 1987, and before January 2, 2002, and provide that a C corporation engaging in such a conversion transaction is subject to deemed sale treatment unless the C corporation elects section 1374 treatment with respect to the converted property. The final regulations in §1.337(d)–7 apply to conversion transactions occurring on or after January 2, 2002, and provide that the RIC or the REIT owning the property after the conversion transaction is subject to section 1374 treatment unless the C corporation engaging in a conversion transaction elects deemed sale treatment with respect to the converted property.

In response to concerns expressed by commentators (described subsequently), the Treasury Department and the IRS published in the **Federal Register** (77 FR 22516) on April 16, 2012, a notice of proposed rulemaking (REG–139991–08) proposing amendments to §1.337(d)–7. These amendments (the 2013 amendments) were adopted as final regulations (TD 9626) and were published in the **Federal Register** (78 FR 46805) on August 2, 2013.

The 2013 amendments address two principal areas of concern. First, the 2013 amendments provide an exception from the general rule subjecting the RIC or the REIT to section 1374 treatment in the case of a transfer of property by a C corporation to a RIC or a REIT to the extent the transfer qualifies for nonrecognition treatment under section 1031 (relating to like-kind exchanges) or section 1033 (relating to involuntary conversions). The Treasury Department and the IRS did not extend this treatment to all exchanged basis transactions, such as exchanges that would otherwise qualify for nonrecognition treatment under section 351 of the Code, out of concern that such an exception could create opportunities to avoid corporate-level tax on built-in gains.

Second, the 2013 amendments provide an exception for conversion transactions in which the C corporation that owned the converted property is a tax-exempt entity to the extent that gain would not be subject to tax if a deemed sale election were made. In such circumstances, the C cor-

<sup>1</sup>The bill that resulted in Public Law 101–508, S.3209, was brought to the floor without printing a formal report, and language from the various committees to consider the bill was printed in the Congressional Record at the request of Senator Sasser to complete the legislative record.

poration is not required to make a deemed sale election, and the RIC or the REIT is not subject to section 1374 treatment.

#### 5. Notice 2015–59 and Revenue Procedure 2015–43

Congress, the Treasury Department, and the IRS are aware of transactions in which a C corporation that does not qualify as a REIT distributes the stock of a controlled corporation in a transaction intended to qualify under section 355 so that either the distributing corporation or the controlled corporation can qualify as a REIT. In many cases, a C corporation that owns both assets qualifying as real estate assets for purposes of part II, subchapter M, chapter 1 of the Code (REIT-qualifying assets) and assets that do not so qualify (non-qualifying assets) transfers either the REIT-qualifying assets or the non-qualifying assets to a controlled corporation in exchange for its stock and then distributes the controlled corporation stock to its shareholders. Before or after the distribution, the corporation holding the REIT-qualifying assets elects REIT status. If the transaction satisfies the requirements of sections 368(a)(1)(D), 355, and 361, no gain is recognized on either the transfer of assets by the distributing corporation to the controlled corporation or the distribution of the controlled corporation stock to the shareholders of the distributing corporation.

Prior to the enactment of the PATH Act, the IRS issued Notice 2015–59 (2015–40 I.R.B. 467) and Revenue Procedure 2015–43 (2015–40 I.R.B. 495) on September 14, 2015, in part to respond to the transactions described in the preceding paragraph. Revenue Procedure 2015–43 provides that the IRS will not ordinarily issue a ruling relating to the qualification under section 355 and related provisions of a distribution in certain circumstances in which property owned by the distributing corporation or the controlled corporation becomes the property of a RIC or a REIT. Notice 2015–59 states that such transactions “may circumvent the purposes of Code provisions intended to repeal the Supreme Court’s decision” in *General Utilities*, such as section 337(d). The Notice also requested comments with respect to the facts and circumstances rel-

evant to whether such transactions circumvent the purposes of *General Utilities* repeal. The Treasury Department and the IRS are aware of informal commentary, but no formal comments have been received.

#### Explanation of Provisions

The Treasury Department and the IRS believe that section 1374 treatment imposes an appropriate regime for recognizing built-in gain for many conversion transactions. The Treasury Department and the IRS are concerned, however, that section 1374 treatment may not adequately implement the purposes of *General Utilities* repeal if a taxpayer effects a tax-free separation of REIT-qualifying assets from non-qualifying assets in a section 355 distribution (the related section 355 distribution) and the REIT-qualifying assets become the assets of a REIT. After such transactions, gain on the assets held by the REIT may not be taxed at the corporate level because such gain is unlikely to be recognized within the recognition period during which the REIT is subject to section 1374 treatment under the final regulations in § 1.337(d)–7. In contrast, without a section 355 distribution, a taxpayer generally could not separate REIT-qualifying assets from non-qualifying assets and cause one corporation to hold the REIT-qualifying assets and another corporation to hold the non-qualifying assets except by means of a sale or exchange to which section 1001 applies or a distribution to which section 311(b) applies.

Moreover, the REIT and its shareholders may realize the benefit of appreciation on converted property without a transaction subject to section 1374 treatment or otherwise taxable at the corporate level. For example, a REIT that distributes rental income on appreciated converted property to its shareholders may be entitled to a dividends paid deduction under section 562 and, therefore, effectively does not pay income tax at the REIT level on that income, which in many cases will reflect the appreciation in the value of the property. Additionally, if the lessee is a C corporation (such as the other party to the section 355 distribution), the rental deductions reduce the C corporation’s taxable income. In such circumstances, the Treas-

ury Department and the IRS have determined that section 355 does not serve as a “limited exception to *General Utilities* repeal intended to enable historic shareholders to carry on their historic businesses in separate corporations” but rather creates an “opportunity to avoid the general rule that corporate-level tax is recognized when an asset . . . is disposed of.” 136 Cong. Rec. S15704.

Section 311 of the PATH Act addresses some of the concerns just described. However, the Treasury Department and the IRS are concerned that some variations of the transactions previously described may continue to be used to circumvent the purposes of section 311 of the PATH Act. In particular, there is concern that corporations affiliated with the distributing corporation or the controlled corporation could be used to circumvent the Congressional policy implemented through section 311 of the PATH Act. The Treasury Department and the IRS thus have determined that temporary regulations are necessary to prevent abuses of sections 355(h) and 856(c)(8) and to further the purposes of *General Utilities* repeal.

Therefore, the Treasury Department and the IRS are issuing these temporary regulations providing that a C corporation engaging in a conversion transaction involving a REIT within the ten-year period following a related section 355 distribution is treated as making an election to recognize gain and loss as if it had sold all of the converted property to an unrelated party at fair market value on the deemed sale date (as defined in § 1.337(d)–7(c)(3)). Section 1374 treatment is accordingly not available in these cases as an alternative to recognizing any gain with respect to the converted property on the deemed sale date.

The temporary regulations also provide that a REIT that is a party to a section 355 distribution occurring within the ten-year period following a conversion transaction for which a deemed sale election has not been made recognizes any remaining unrecognized built-in gains and losses resulting from the conversion transaction (after taking into account the impact of section 1374 in the interim period, as described subsequently).

For the taxable year in which the related section 355 distribution occurs, the REIT's net recognized built-in gain is the amount of its net unrealized built-in gain limitation (as defined in § 1.1374-2(a)(3)) for such taxable year. For this purpose, the limitations in § 1.1374-2(a)(1) and (2) do not apply because the net unrealized built-in gain limitation generally achieves the effect of a deemed sale election, adjusted for prior recognized built-in gains and recognized built-in losses. As a result, the temporary regulations cause the REIT to recognize any built-in gains or losses attributable to time periods in which the REIT was a C corporation while ensuring that gains and losses recognized in previous taxable years during the recognition period on which taxes have been paid are accounted for appropriately. The temporary regulations provide an appropriate increase to the basis of the converted property held by the REIT.

Consistent with section 311 of the PATH Act, the temporary regulations contain two exceptions. First, the temporary regulations do not apply if both the distributing corporation and the controlled corporation are REITs immediately after the date of the section 355 distribution and at all times during the two years thereafter. Second, the temporary regulations also do not apply to certain section 355 distributions in which the distributing corporation is a REIT and the controlled corporation is a taxable REIT subsidiary. In addition, and consistent with the effective date in section 311(c) of the PATH Act, the temporary regulations under § 1.337(d)-7T(f) do not apply to distributions pursuant to a transaction described in a ruling request initially submitted to the IRS on or before December 7, 2015, which request has not been withdrawn and with respect to which a ruling has not been issued or denied in its entirety as of December 7, 2015.

To prevent avoidance, these temporary regulations apply to predecessors and successors of the distributing corporation or the controlled corporation and to all members of the separate affiliated group, within the meaning of section 355(b)(3)(B), of which the distributing corporation or the controlled corporation are members. Predecessors and successors include corporations that succeed to and take into account

items described in section 381(c) of the distributing corporation or the controlled corporation, and corporations having such items to which the distributing corporation or the controlled corporation succeed and take into account.

The temporary regulations also make a clarifying amendment to the generally applicable rules of § 1.337(d)-7 in response to section 127 of the PATH Act, which amended Code section 1374(d)(7) to provide that the term "recognition period" means the 5-year period beginning with the first day of the first taxable year for which a corporation was an S corporation. The temporary regulations replace the term "10-year recognition period" with the new defined term "recognition period" and clarify that the recognition period is no longer determined by reference to section 1374(d)(7), but is the ten-year period beginning on the first day of the RIC or the REIT's first taxable year (in the case of a conversion transaction that is a qualification of a C corporation as a RIC or a REIT) or on the date the property is acquired by the RIC or the REIT. As a result, after August 8, 2016, § 1.337(d)-7 will no longer be affected by section 127 of the PATH Act, which amended section 1374(d)(7) of the Code to shorten the length of the recognition period from 10 years to 5 years with respect to C corporations that elect to be, or transfer property to, S corporations.

#### **Statement of Availability of IRS Documents**

IRS Revenue Procedures, Revenue Rulings, notices, and other guidance cited in this document are published in the Internal Revenue Bulletin (or Cumulative Bulletin) and are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or by visiting the IRS website at <http://www.irs.gov>.

#### **Special Analyses**

Certain IRS regulations, including this one, are exempt from the requirements of Executive Order 12866, as supplemented and reaffirmed by Executive Order 13653. Therefore, a regulatory impact assessment is not required. It has also been determined that section 553(b) of the Admin-

istrative Procedure Act (APA) (5 U.S.C. chapter 5) does not apply to these regulations because good cause exists under section 553(b)(3)(B) of the APA to dispense with notice and public comment because doing so would be contrary to the public interest. These temporary regulations are necessary to prevent abuse of section 311 of the PATH Act through certain section 355 distributions that would contradict the intent of Congress. These temporary regulations are also necessary to update existing regulations under § 1.337(d)-7 to delink the determination of the recognition period from the rules of section 1374(d)(7) modified by the enactment of section 127 of the PATH Act. Accordingly, good cause exists for dispensing with notice and public comment pursuant to section 553(b) of the APA. In addition, pursuant to 26 U.S.C. 7805(b)(3) and section 553(d)(3) of the APA, the requirements in section 553(d) of the APA for a delayed effective date are inapplicable to the temporary regulations necessary to prevent abuse of section 311 of the PATH Act. For the applicability of the Regulatory Flexibility Act (5 U.S.C. chapter 6) refer to the Special Analyses section of the preamble to the cross-reference notice of proposed rulemaking published in the Proposed Rules section in this issue of the **Bulletin**. Pursuant to section 7805(f) of the Internal Revenue Code, these temporary regulations will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

#### **Drafting Information**

The principal author of these regulations is Austin M. Diamond-Jones, Office of Associate Chief Counsel (Corporate). However, other personnel from the Treasury Department and the IRS participated in their development.

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#### **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 adding an entry in numerical order to read in part as follows:

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

Section 1.337(d)-7T also issued under 26 U.S.C. 337(d) and 355(h).

\* \* \* \* \*

Par. 2. Section 1.337(d)-7 is amended by:

1. Revising paragraph (a)(1) and adding paragraphs (a)(2)(vi) and (vii).

2. In paragraph (b)(1)(ii), removing the language "10-year recognition period" and adding "recognition period" in its place wherever it appears.

3. Revising paragraph (b)(2)(iii).

4. Redesignating paragraph (b)(4) as paragraph (b)(5) and adding a new paragraph (b)(4).

5. Revising paragraph (c)(1).

6. Redesignating paragraph (c)(6) as paragraph (c)(7) and adding a new paragraph (c)(6).

7. In paragraph (d)(2)(iii), removing the language "10-year recognition period" and adding "recognition period" in its place wherever it appears.

8. Redesignating paragraph (f) as paragraph (g) and adding a new paragraph (f).

9. In newly redesignated paragraph (g)(1), removing the language "(f)(2)" and adding "(g)(2)" in its place.

10. Revising newly redesignated paragraph (g)(2).

The additions and revisions read as follows:

*§1.337(d)-7 Tax on property owned by a C corporation that becomes property of a RIC or REIT.*

(a) *General rule.* (1) [Reserved]. For further guidance, see § 1.337(d)-7T(a)(1).

(2) \* \* \*

(vi) through (vii) [Reserved]. For further guidance, see § 1.337(d)-7T(a)(2)(vi) through (vii).

(b) \* \* \*

(2) \* \* \*

(iii) [Reserved]. For further guidance, see § 1.337(d)-7T(b)(2)(iii).

\* \* \* \* \*

(4) [Reserved]. For further guidance, see § 1.337(d)-7T(b)(4).

\* \* \* \* \*

(c) *Election of deemed sale treatment.*

(1) [Reserved]. For further guidance, see § 1.337(d)-7T(c)(1).

\* \* \* \* \*

(6) [Reserved]. For further guidance, see § 1.337(d)-7T(c)(6).

\* \* \* \* \*

(f) [Reserved]. For further guidance, see § 1.337(d)-7T(f).

(g) \* \* \*

(2) *Special rules*—(i) *Conversion transactions occurring on or after August 2, 2013 and certain prior conversion transactions.* Paragraphs (a)(2)(i) through (v), (d)(1), (d)(3), (d)(4), and (e) of this section apply to conversion transactions that occur on or after August 2, 2013. However, taxpayers may apply paragraphs (a)(2)(i) through (v), (d)(1), (d)(3), (d)(4), and (e) of this section to conversion transactions that occurred before August 2, 2013. For conversion transactions that occurred on or after January 2, 2002 and before August 2, 2013, see § 1.337(d)-7 as contained in 26 CFR part 1 in effect on April 1, 2013.

(ii) through (iii) [Reserved]. For further guidance, see § 1.337(d)-7T(g)(2)(ii) through (iii).

Par. 3. Section 1.337(d)-7T is added to read as follows:

*§ 1.337(d)-7T Tax on property owned by a C corporation that becomes property of a RIC or REIT.*

(a) *General Rule*—(1) *Property owned by a C corporation that becomes property of a RIC or REIT.* If property owned by a C corporation (as defined in § 1.337(d)-7(a)(2)(i)) becomes the property of a RIC or a REIT in a conversion transaction (as defined in § 1.337(d)-7(a)(2)(ii)), then section 1374 treatment will apply as described in § 1.337(d)-7(b) and paragraph (b) of this section, unless the C corporation elects, or is treated as electing, deemed sale treatment with respect to the conversion transaction as provided in § 1.337(d)-7(c) and paragraph (c) of this section. See § 1.337(d)-7(d) for exceptions to this paragraph (a).

(2)(i) through (v) [Reserved]. For further guidance, see § 1.337(d)-7(a)(2)(i) through (v).

(vi) *Section 355 distribution.* The term *section 355 distribution* means any distri-

bution to which section 355 (or so much of section 356 as relates to section 355) applies, including a distribution on which the distributing corporation recognizes gain pursuant to sections 355(d) or 355(e).

(vii) *Converted property.* The term *converted property* means property owned by a C corporation that becomes the property of a RIC or a REIT.

(b)(1) through (2)(ii) [Reserved]. For further guidance, see § 1.337(d)-7(b)(1) through (2)(ii).

(iii) *Recognition period.* For purposes of applying the rules of section 1374 and the regulations thereunder, as modified by § 1.337(d)-7(b) and paragraph (b) of this section, the term *recognition period* means the 10-year period beginning—

(A) In the case of a conversion transaction that is a qualification of a C corporation as a RIC or a REIT, on the first day of the RIC's or the REIT's first taxable year; and

(B) In the case of other conversion transactions, on the day the property is acquired by the RIC or the REIT.

(3) [Reserved]. For further guidance, see § 1.337(d)-7(b)(3).

(4) *Section 355 distribution following a conversion transaction*—(i) *In general.* If a REIT is described in paragraph (f)(1) of this section and the related section 355 distribution (as defined in paragraph (f)(1)(i) of this section) follows a conversion transaction, then for the taxable year in which the related section 355 distribution occurs, § 1.1374-2(a)(1) and (2) (as modified by § 1.337(d)-7(b)(2)(i)) do not apply, and the REIT's net recognized built-in gain for such taxable year is the amount of its net unrealized built-in gain limitation (as defined in § 1.1374-2(a)(3)) for such taxable year.

(ii) *Basis adjustment*—(A) *In general.* If a REIT recognizes gain under paragraph (b)(4)(i) of this section, the aggregate basis of the converted property held by the REIT at the end of the taxable year in which the related section 355 distribution occurs shall be increased by an amount equal to the amount of gain so recognized, increased by the amount of the REIT's recognized built-in loss for such taxable year, and reduced by the amount of the REIT's recognized built-in

gain and recognized built-in gain carry-over for such taxable year.

(B) *Allocation of basis increase.* The aggregate increase in basis by reason of paragraph (b)(4)(ii)(A) of this section shall be allocated among the converted property in proportion to their respective built-in gains on the date of the conversion transaction.

(5) [Reserved]. For further guidance, see § 1.337(d)-7(b)(5).

(c) *Election of deemed sale treatment*—(1) *In general.* Section 1.337(d)-7(b) and paragraph (b) of this section do not apply if the C corporation that qualifies as a RIC or a REIT or transfers property to a RIC or a REIT makes the election described in § 1.337(d)-7(c)(5) or is treated as making such election under paragraph (c)(6) of this section. A C corporation that makes, or is treated as making, such an election recognizes gain and loss as if it sold the converted property to an unrelated party at fair market value on the deemed sale date (as defined in § 1.337(d)-7(c)(3)). See § 1.337(d)-7(c)(4) concerning limitations on the use of loss in computing gain. Section 1.337(d)-7(c) and this paragraph (c) do not apply if their application would result in the recognition of a net loss. For this purpose, net loss is the excess of aggregate losses over aggregate gains (including items of income), without regard to character.

(2) through (5) [Reserved]. For further guidance, see § 1.337(d)-7(c)(2) through (5).

(6) *Conversion transaction following a section 355 distribution.* A C corporation described in paragraph (f)(1) of this section is treated as having made the election under § 1.337(d)-7(c)(5) with respect to a conversion transaction if the conversion transaction occurs following the related section 355 distribution (as defined in paragraph (f)(1)(i) of this section) and the C corporation has not made such election.

(7) through (e) [Reserved]. For further guidance, see § 1.337(d)-7(c)(7) through (e).

(f) *Conversion transaction preceding or following a section 355 distribution*—(1) *In general.* A C corporation or a REIT is described in this paragraph (f)(1) if—

(i) The C corporation or the REIT engages in a conversion transaction involving a REIT during the twenty-year period

beginning on the date that is ten years before the date of a section 355 distribution (the related section 355 distribution); and

(ii) The C corporation or the REIT engaging in the related section 355 distribution is either—

(A) The distributing corporation or the controlled corporation, as those terms are defined in section 355(a)(1); or

(B) A member of the separate affiliated group (as defined in section 355(b)(3)(B)) of the distributing corporation or the controlled corporation.

(2) *Predecessors and successors.* For purposes of this paragraph (f), any reference to a controlled corporation or a distributing corporation includes a reference to any predecessor or successor of such corporation. Predecessors and successors include corporations which succeed to and take into account items described in section 381(c) of the distributing corporation or the controlled corporation, and corporations having such items to which the distributing corporation or the controlled corporation succeeded and took into account.

(3) *Exclusion of certain conversion transactions.* A C corporation or a REIT is not described in paragraph (f)(1) of this section if—

(i) The distributing corporation and the controlled corporation are both REITs immediately after the related section 355 distribution (including by reason of elections under section 856(c)(1) made after the related section 355 distribution that are effective before the related section 355 distribution) and at all times during the two years thereafter;

(ii) Section 355(h)(1) does not apply to the related section 355 distribution by reason of section 355(h)(2)(B); or

(iii) The related section 355 distribution occurred before December 7, 2015 or is described in a ruling request referred to in section 311(c) of Division Q of the Consolidated Appropriations Act, 2016, Public Law 114-113, 129 Stat. 2422.

(g) *Effective/Applicability date.* (1) [Reserved]. For further guidance, see § 1.337(d)-7(g)(1).

(2) *Special rules.* (i) [Reserved]. For further guidance, see § 1.337(d)-7(g)(2)(i).

(ii) *Conversion transactions occurring on or after June 7, 2016.* Paragraphs

(a)(1), (a)(2)(vi) and (vii), (b)(4), (c)(1), (c)(6), and (f) of this section apply to conversion transactions occurring on or after June 7, 2016 and to conversion transactions and related section 355 distributions for which the conversion transaction occurs before, and the related section 355 distribution occurs on or after, June 7, 2016. For conversion transactions that occurred on or after January 2, 2002 and before June 7, 2016, see § 1.337(d)-7 as contained in 26 CFR part 1 in effect on April 1, 2016.

(iii) *Recognition period.* Paragraphs (b)(1)(ii), (b)(2)(iii), and (d)(2)(iii) of this section applies to conversion transactions that occur on or after August 8, 2016. For conversion transactions that occurred on or after January 2, 2002 and before August 8, 2016, see § 1.337(d)-7 as contained in 26 CFR part 1 in effect on April 1, 2016.

(h) *Expiration date.* The applicability of this section expires on June 7, 2019.

John Dalrymple,  
*Deputy Commissioner for  
Services and Enforcement.*

Approved: May 11, 2016.

Mark J. Mazur,  
*Assistant Secretary of the  
Treasury (Tax Policy).*

(Filed by the Office of the Federal Register on June 7, 2016, 8:45 a.m., and published in the issue of the Federal Register for June 8, 2016, 81 F.R. 36793)

## Section 6621.— Determination of Rate of Interest

26 CFR 301.6621-1: Interest rate.

### Rev. Rul. 2016-12

Section 6621 of the Internal Revenue Code establishes the interest rates on overpayments and underpayments of tax. Under section 6621(a)(1), the overpayment rate is the sum of the federal short-term rate plus 3 percentage points (2 percentage points in the case of a corporation), except the rate for the portion of a corporate overpayment of tax



exceeding \$10,000 for a taxable period is the sum of the federal short-term rate plus 0.5 of a percentage point. Under section 6621(a)(2), the underpayment rate is the sum of the federal short-term rate plus 3 percentage points.

Section 6621(c) provides that for purposes of interest payable under section 6601 on any large corporate underpayment, the underpayment rate under section 6621(a)(2) is determined by substituting “5 percentage points” for “3 percentage points.”

See section 6621(c) and section 301.6621-3 of the Regulations on Procedure and Administration for the definition of a large corporate underpayment and for the rules for determining the applicable date. Section 6621(c) and section 301.6621-3 are generally effective for periods after December 31, 1990.

Section 6621(b)(1) provides that the Secretary will determine the federal short-term rate for the first month in each calendar quarter. Section 6621(b)(2)(A) provides that the federal short-term rate determined under section 6621(b)(1) for any month applies during the first calendar quarter beginning after that month. Section 6621(b)(3) provides that the federal short-term rate for any month is the federal short-term rate determined during that month by the Secretary in accordance

with section 1274(d), rounded to the nearest full percent (or, if a multiple of 1/2 of 1 percent, the rate is increased to the next highest full percent).

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

The federal short-term rate determined in accordance with section 1274(d) during April 2016 is the rate published in Revenue Ruling 2016-11, 2016-19 IRB 717 to take effect beginning May 1, 2016. The federal short-term rate, rounded to the nearest full percent, based on daily compounding determined during the month of April 2016 is 1 percent. Accordingly, an overpayment rate of 4 percent (3 percent in the case of a corporation) and an underpayment rate of 4 percent are established for the calendar quarter beginning July 1, 2016. The overpayment rate for the portion of a corporate overpayment exceeding \$10,000 for the calendar quarter beginning July 1, 2016 is 1.5 percent. The underpayment rate for large corporate underpayments for the calendar quarter be-

ginning July 1, 2016, is 6 percent. These rates apply to amounts bearing interest during that calendar quarter.

Pursuant to section 6654(a)(1), the 4 percent rate also applies to estimated tax underpayments for the third calendar quarter in 2016. In addition, pursuant to section 6603(d)(4), the rate of interest on section 6603 deposits is 1 percent for the third calendar quarter in 2016.

Interest factors for daily compound interest for annual rates of 1.5 percent, 3 percent, 4 percent and 6 percent are published in Tables 56, 59, 61 and 65 of Rev. Proc. 95-17, 1995-1 C.B. 610, 613, 615 and 619.

Annual interest rates to be compounded daily pursuant to section 6622 that apply for prior periods are set forth in the tables accompanying this revenue ruling.

#### DRAFTING INFORMATION

The principal author of this revenue ruling is Deborah Colbert-James of the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this revenue ruling, contact Ms. Colbert-James at (202) 317-3400 (not a toll-free number).

#### APPENDIX A

365 Day Year					
Days	Factor	0.5% Compound Rate 184 Days		Days	Factor
		Days	Factor		
1	0.000013699	63	0.000863380	125	0.001713784
2	0.000027397	64	0.000877091	126	0.001727506
3	0.000041096	65	0.000890801	127	0.001741228
4	0.000054796	66	0.000904512	128	0.001754951
5	0.000068495	67	0.000918223	129	0.001768673
6	0.000082195	68	0.000931934	130	0.001782396
7	0.000095894	69	0.000945646	131	0.001796119
8	0.000109594	70	0.000959357	132	0.001809843
9	0.000123294	71	0.000973069	133	0.001823566
10	0.000136995	72	0.000986781	134	0.001837290
11	0.000150695	73	0.001000493	135	0.001851013
12	0.000164396	74	0.001014206	136	0.001864737
13	0.000178097	75	0.001027918	137	0.001878462
14	0.000191798	76	0.001041631	138	0.001892186
15	0.000205499	77	0.001055344	139	0.001905910

365 Day Year  
0.5% Compound Rate 184 Days

Days	Factor	Days	Factor	Days	Factor
16	0.000219201	78	0.001069057	140	0.001919635
17	0.000232902	79	0.001082770	141	0.001933360
18	0.000246604	80	0.001096484	142	0.001947085
19	0.000260306	81	0.001110197	143	0.001960811
20	0.000274008	82	0.001123911	144	0.001974536
21	0.000287711	83	0.001137625	145	0.001988262
22	0.000301413	84	0.001151339	146	0.002001988
23	0.000315116	85	0.001165054	147	0.002015714
24	0.000328819	86	0.001178768	148	0.002029440
25	0.000342522	87	0.001192483	149	0.002043166
26	0.000356225	88	0.001206198	150	0.002056893
27	0.000369929	89	0.001219913	151	0.002070620
28	0.000383633	90	0.001233629	152	0.002084347
29	0.000397336	91	0.001247344	153	0.002098074
30	0.000411041	92	0.001261060	154	0.002111801
31	0.000424745	93	0.001274776	155	0.002125529
32	0.000438449	94	0.001288492	156	0.002139257
33	0.000452154	95	0.001302208	157	0.002152985
34	0.000465859	96	0.001315925	158	0.002166713
35	0.000479564	97	0.001329641	159	0.002180441
36	0.000493269	98	0.001343358	160	0.002194169
37	0.000506974	99	0.001357075	161	0.002207898
38	0.000520680	100	0.001370792	162	0.002221627
39	0.000534386	101	0.001384510	163	0.002235356
40	0.000548092	102	0.001398227	164	0.002249085
41	0.000561798	103	0.001411945	165	0.002262815
42	0.000575504	104	0.001425663	166	0.002276544
43	0.000589211	105	0.001439381	167	0.002290274
44	0.000602917	106	0.001453100	168	0.002304004
45	0.000616624	107	0.001466818	169	0.002317734
46	0.000630331	108	0.001480537	170	0.002331465
47	0.000644039	109	0.001494256	171	0.002345195
48	0.000657746	110	0.001507975	172	0.002358926
49	0.000671454	111	0.001521694	173	0.002372657
50	0.000685161	112	0.001535414	174	0.002386388
51	0.000698869	113	0.001549133	175	0.002400120
52	0.000712578	114	0.001562853	176	0.002413851
53	0.000726286	115	0.001576573	177	0.002427583
54	0.000739995	116	0.001590293	178	0.002441315
55	0.000753703	117	0.001604014	179	0.002455047
56	0.000767412	118	0.001617734	180	0.002468779
57	0.000781121	119	0.001631455	181	0.002482511
58	0.000794831	120	0.001645176	182	0.002496244
59	0.000808540	121	0.001658897	183	0.002509977
60	0.000822250	122	0.001672619	184	0.002523710

365 Day Year					
		0.5% Compound Rate 184 Days			
Days	Factor	Days	Factor	Days	Factor
61	0.000835960	123	0.001686340		
62	0.000849670	124	0.001700062		

366 Day Year					
		0.5% Compound Rate 184 Days			
Days	Factor	Days	Factor	Days	Factor
1	0.000013661	63	0.000861020	125	0.001709097
2	0.000027323	64	0.000874693	126	0.001722782
3	0.000040984	65	0.000888366	127	0.001736467
4	0.000054646	66	0.000902040	128	0.001750152
5	0.000068308	67	0.000915713	129	0.001763837
6	0.000081970	68	0.000929387	130	0.001777522
7	0.000095632	69	0.000943061	131	0.001791208
8	0.000109295	70	0.000956735	132	0.001804893
9	0.000122958	71	0.000970409	133	0.001818579
10	0.000136620	72	0.000984084	134	0.001832265
11	0.000150283	73	0.000997758	135	0.001845951
12	0.000163947	74	0.001011433	136	0.001859638
13	0.000177610	75	0.001025108	137	0.001873324
14	0.000191274	76	0.001038783	138	0.001887011
15	0.000204938	77	0.001052459	139	0.001900698
16	0.000218602	78	0.001066134	140	0.001914385
17	0.000232266	79	0.001079810	141	0.001928073
18	0.000245930	80	0.001093486	142	0.001941760
19	0.000259595	81	0.001107162	143	0.001955448
20	0.000273260	82	0.001120839	144	0.001969136
21	0.000286924	83	0.001134515	145	0.001982824
22	0.000300590	84	0.001148192	146	0.001996512
23	0.000314255	85	0.001161869	147	0.002010201
24	0.000327920	86	0.001175546	148	0.002023889
25	0.000341586	87	0.001189223	149	0.002037578
26	0.000355252	88	0.001202900	150	0.002051267
27	0.000368918	89	0.001216578	151	0.002064957
28	0.000382584	90	0.001230256	152	0.002078646
29	0.000396251	91	0.001243934	153	0.002092336
30	0.000409917	92	0.001257612	154	0.002106025
31	0.000423584	93	0.001271291	155	0.002119715
32	0.000437251	94	0.001284969	156	0.002133405
33	0.000450918	95	0.001298648	157	0.002147096
34	0.000464586	96	0.001312327	158	0.002160786
35	0.000478253	97	0.001326006	159	0.002174477
36	0.000491921	98	0.001339685	160	0.002188168
37	0.000505589	99	0.001353365	161	0.002201859
38	0.000519257	100	0.001367044	162	0.002215550
39	0.000532925	101	0.001380724	163	0.002229242

366 Day Year					
0.5% Compound Rate 184 Days					
Days	Factor	Days	Factor	Days	Factor
40	0.000546594	102	0.001394404	164	0.002242933
41	0.000560262	103	0.001408085	165	0.002256625
42	0.000573931	104	0.001421765	166	0.002270317
43	0.000587600	105	0.001435446	167	0.002284010
44	0.000601269	106	0.001449127	168	0.002297702
45	0.000614939	107	0.001462808	169	0.002311395
46	0.000628608	108	0.001476489	170	0.002325087
47	0.000642278	109	0.001490170	171	0.002338780
48	0.000655948	110	0.001503852	172	0.002352473
49	0.000669618	111	0.001517533	173	0.002366167
50	0.000683289	112	0.001531215	174	0.002379860
51	0.000696959	113	0.001544897	175	0.002393554
52	0.000710630	114	0.001558580	176	0.002407248
53	0.000724301	115	0.001572262	177	0.002420942
54	0.000737972	116	0.001585945	178	0.002434636
55	0.000751643	117	0.001599628	179	0.002448331
56	0.000765315	118	0.001613311	180	0.002462025
57	0.000778986	119	0.001626994	181	0.002475720
58	0.000792658	120	0.001640678	182	0.002489415
59	0.000806330	121	0.001654361	183	0.002503110
60	0.000820003	122	0.001668045	184	0.002516806
61	0.000833675	123	0.001681729		
62	0.000847348	124	0.001695413		

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

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

	OVERPAYMENTS			UNDERPAYMENTS		
	RATE	1995-1 C.B. TABLE	PG	RATE	1995-1 C.B. TABLE	PG
Jan. 1, 1987—Mar. 31, 1987	8%	21	575	9%	23	577
Apr. 1, 1987—Jun. 30, 1987	8%	21	575	9%	23	577
Jul. 1, 1987—Sep. 30, 1987	8%	21	575	9%	23	577
Oct. 1, 1987—Dec. 31, 1987	9%	23	577	10%	25	579
Jan. 1, 1988—Mar. 31, 1988	10%	73	627	11%	75	629
Apr. 1, 1988—Jun. 30, 1988	9%	71	625	10%	73	627
Jul. 1, 1988—Sep. 30, 1988	9%	71	625	10%	73	627
Oct. 1, 1988—Dec. 31, 1988	10%	73	627	11%	75	629
Jan. 1, 1989—Mar. 31, 1989	10%	25	579	11%	27	581
Apr. 1, 1989—Jun. 30, 1989	11%	27	581	12%	29	583
Jul. 1, 1989—Sep. 30, 1989	11%	27	581	12%	29	583
Oct. 1, 1989—Dec. 31, 1989	10%	25	579	11%	27	581
Jan. 1, 1990—Mar. 31, 1990	10%	25	579	11%	27	581
Apr. 1, 1990—Jun. 30, 1990	10%	25	579	11%	27	581
Jul. 1, 1990—Sep. 30, 1990	10%	25	579	11%	27	581
Oct. 1, 1990—Dec. 31, 1990	10%	25	579	11%	27	581
Jan. 1, 1991—Mar. 31, 1991	10%	25	579	11%	27	581
Apr. 1, 1991—Jun. 30, 1991	9%	23	577	10%	25	579
Jul. 1, 1991—Sep. 30, 1991	9%	23	577	10%	25	579
Oct. 1, 1991—Dec. 31, 1991	9%	23	577	10%	25	579
Jan. 1, 1992—Mar. 31, 1992	8%	69	623	9%	71	625
Apr. 1, 1992—Jun. 30, 1992	7%	67	621	8%	69	623
Jul. 1, 1992—Sep. 30, 1992	7%	67	621	8%	69	623
Oct. 1, 1992—Dec. 31, 1992	6%	65	619	7%	67	621
Jan. 1, 1993—Mar. 31, 1993	6%	17	571	7%	19	573
Apr. 1, 1993—Jun. 30, 1993	6%	17	571	7%	19	573
Jul. 1, 1993—Sep. 30, 1993	6%	17	571	7%	19	573
Oct. 1, 1993—Dec. 31, 1993	6%	17	571	7%	19	573
Jan. 1, 1994—Mar. 31, 1994	6%	17	571	7%	19	573
Apr. 1, 1994—Jun. 30, 1994	6%	17	571	7%	19	573
Jul. 1, 1994—Sep. 30, 1994	7%	19	573	8%	21	575
Oct. 1, 1994—Dec. 31, 1994	8%	21	575	9%	23	577
Jan. 1, 1995—Mar. 31, 1995	8%	21	575	9%	23	577
Apr. 1, 1995—Jun. 30, 1995	9%	23	577	10%	25	579
Jul. 1, 1995—Sep. 30, 1995	8%	21	575	9%	23	577
Oct. 1, 1995—Dec. 31, 1995	8%	21	575	9%	23	577
Jan. 1, 1996—Mar. 31, 1996	8%	69	623	9%	71	625
Apr. 1, 1996—Jun. 30, 1996	7%	67	621	8%	69	623
Jul. 1, 1996—Sep. 30, 1996	8%	69	623	9%	71	625
Oct. 1, 1996—Dec. 31, 1996	8%	69	623	9%	71	625
Jan. 1, 1997—Mar. 31, 1997	8%	21	575	9%	23	577
Apr. 1, 1997—Jun. 30, 1997	8%	21	575	9%	23	577



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

	OVERPAYMENTS			UNDERPAYMENTS		
	RATE	1995-1 C.B. TABLE	PG	RATE	1995-1 C.B. TABLE	PG
Jul. 1, 1997—Sep. 30, 1997	8%	21	575	9%	23	577
Oct. 1, 1997—Dec. 31, 1997	8%	21	575	9%	23	577
Jan. 1, 1998—Mar. 31, 1998	8%	21	575	9%	23	577
Apr. 1, 1998—Jun. 30, 1998	7%	19	573	8%	21	575
Jul. 1, 1998—Sep. 30, 1998	7%	19	573	8%	21	575
Oct. 1, 1998—Dec. 31, 1998	7%	19	573	8%	21	575

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

	RATE	1995-1 C.B. TABLE	PAGE
Jan. 1, 1999—Mar. 31, 1999	7%	19	573
Apr. 1, 1999—Jun. 30, 1999	8%	21	575
Jul. 1, 1999—Sep. 30, 1999	8%	21	575
Oct. 1, 1999—Dec. 31, 1999	8%	21	575
Jan. 1, 2000—Mar. 31, 2000	8%	69	623
Apr. 1, 2000—Jun. 30, 2000	9%	71	625
Jul. 1, 2000—Sep. 30, 2000	9%	71	625
Oct. 1, 2000—Dec. 31, 2000	9%	71	625
Jan. 1, 2001—Mar. 31, 2001	9%	23	577
Apr. 1, 2001—Jun. 30, 2001	8%	21	575
Jul. 1, 2001—Sep. 30, 2001	7%	19	573
Oct. 1, 2001—Dec. 31, 2001	7%	19	573
Jan. 1, 2002—Mar. 31, 2002	6%	17	571
Apr. 1, 2002—Jun. 30, 2002	6%	17	571
Jul. 1, 2002—Sep. 30, 2002	6%	17	571
Oct. 1, 2002—Dec. 31, 2002	6%	17	571
Jan. 1, 2003—Mar. 31, 2003	5%	15	569
Apr. 1, 2003—Jun. 30, 2003	5%	15	569
Jul. 1, 2003—Sep. 30, 2003	5%	15	569
Oct. 1, 2003—Dec. 31, 2003	4%	13	567
Jan. 1, 2004—Mar. 31, 2004	4%	61	615
Apr. 1, 2004—Jun. 30, 2004	5%	63	617
Jul. 1, 2004—Sep. 30, 2004	4%	61	615
Oct. 1, 2004—Dec. 31, 2004	5%	63	617
Jan. 1, 2005—Mar. 31, 2005	5%	15	569
Apr. 1, 2005—Jun. 30, 2005	6%	17	571
Jul. 1, 2005—Sep. 30, 2005	6%	17	571
Oct. 1, 2005—Dec. 31, 2005	7%	19	573
Jan. 1, 2006—Mar. 31, 2006	7%	19	573
Apr. 1, 2006—Jun. 30, 2006	7%	19	573

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

	RATE	1995-1 C.B. TABLE	PAGE
Jul. 1, 2006—Sep. 30, 2006	8%	21	575
Oct. 1, 2006—Dec. 31, 2006	8%	21	575
Jan. 1, 2007—Mar. 31, 2007	8%	21	575
Apr. 1, 2007—Jun. 30, 2007	8%	21	575
Jul. 1, 2007—Sep. 30, 2007	8%	21	575
Oct. 1, 2007—Dec. 31, 2007	8%	21	575
Jan. 1, 2008—Mar. 31, 2008	7%	67	621
Apr. 1, 2008—Jun. 30, 2008	6%	65	619
Jul. 1, 2008—Sep. 30, 2008	5%	63	617
Oct. 1, 2008—Dec. 31, 2008	6%	65	619
Jan. 1, 2009—Mar. 31, 2009	5%	15	569
Apr. 1, 2009—Jun. 30, 2009	4%	13	567
Jul. 1, 2009—Sep. 30, 2009	4%	13	567
Oct. 1, 2009—Dec. 31, 2009	4%	13	567
Jan. 1, 2010—Mar. 31, 2010	4%	13	567
Apr. 1, 2010—Jun. 30, 2010	4%	13	567
Jul. 1, 2010—Sep. 30, 2010	4%	13	567
Oct. 1, 2010—Dec. 31, 2010	4%	13	567
Jan. 1, 2011—Mar. 31, 2011	3%	11	565
Apr. 1, 2011—Jun. 30, 2011	4%	13	567
Jul. 1, 2011;—Sep. 30, 2011	4%	13	567
Oct. 1, 2011—Dec. 31, 2011	3%	11	565
Jan. 1, 2012—Mar. 31, 2012	3%	59	613
Apr. 1, 2012—Jun. 30, 2012	3%	59	613
Jul. 1, 2012—Sep. 30, 2012	3%	59	613
Oct. 1, 2012—Dec. 31, 2012	3%	59	613
Jan. 1, 2013—Mar. 31, 2013	3%	11	565
Apr. 1, 2013—Jun. 30, 2013	3%	11	565
Jul. 1, 2013—Sep. 30, 2013	3%	11	565
Oct. 1, 2013—Dec. 31, 2013	3%	11	565
Jan. 1, 2014—Mar. 31, 2014	3%	11	565
Apr. 1, 2014—Jun. 30, 2014	3%	11	565
Jul. 1, 2014—Sep. 30, 2014	3%	11	565
Oct. 1, 2014—Dec. 31, 2014	3%	11	565
Jan. 1, 2015—Mar. 31, 2015	3%	11	565
Apr. 1, 2015—Jun. 30, 2015	3%	11	565
Jul. 1, 2015—Sep. 30, 2015	3%	11	565
Oct. 1, 2015—_Dec. 31, 2015	3%	11	565
Jan. 1, 2016—Mar. 31, 2016	3%	59	613
Apr. 1, 2016—Jun. 30, 2016	4%	61	615
Jul. 1, 2016—Sep. 30, 2016	4%	61	615

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

	OVERPAYMENTS			UNDERPAYMENTS		
	RATE	1995-1 C.B. TABLE	PG	RATE	1995-1 C.B. TABLE	PG
Jan. 1, 1999—Mar. 31, 1999	6%	17	571	7%	19	573
Apr. 1, 1999—Jun. 30, 1999	7%	19	573	8%	21	575
Jul. 1, 1999—Sep. 30, 1999	7%	19	573	8%	21	575
Oct. 1, 1999—Dec. 31, 1999	7%	19	573	8%	21	575
Jan. 1, 2000—Mar. 31, 2000	7%	67	621	8%	69	623
Apr. 1, 2000—Jun. 30, 2000	8%	69	623	9%	71	625
Jul. 1, 2000—Sep. 30, 2000	8%	69	623	9%	71	625
Oct. 1, 2000—Dec. 31, 2000	8%	69	623	9%	71	625
Jan. 1, 2001—Mar. 31, 2001	8%	21	575	9%	23	577
Apr. 1, 2001—Jun. 30, 2001	7%	19	573	8%	21	575
Jul. 1, 2001—Sep. 30, 2001	6%	17	571	7%	19	573
Oct. 1, 2001—Dec. 31, 2001	6%	17	571	7%	19	573
Jan. 1, 2002—Mar. 31, 2002	5%	15	569	6%	17	571
Apr. 1, 2002—Jun. 30, 2002	5%	15	569	6%	17	571
Jul. 1, 2002—Sep. 30, 2002	5%	15	569	6%	17	571
Oct. 1, 2002—Dec. 31, 2002	5%	15	569	6%	17	571
Jan. 1, 2003—Mar. 31, 2003	4%	13	567	5%	15	569
Apr. 1, 2003—Jun. 30, 2003	4%	13	567	5%	15	569
Jul. 1, 2003—Sep. 30, 2003	4%	13	567	5%	15	569
Oct. 1, 2003—Dec. 31, 2003	3%	11	565	4%	13	567
Jan. 1, 2004—Mar. 31, 2004	3%	59	613	4%	61	615
Apr. 1, 2004—Jun. 30, 2004	4%	61	615	5%	63	617
Jul. 1, 2004—Sep. 30, 2004	3%	59	613	4%	61	615
Oct. 1, 2004—Dec. 31, 2004	4%	61	615	5%	63	617
Jan. 1, 2005—Mar. 31, 2005	4%	13	567	5%	15	569
Apr. 1, 2005—Jun. 30, 2005	5%	15	569	6%	17	571
Jul. 1, 2005—Sep. 30, 2005	5%	15	569	6%	17	571
Oct. 1, 2005—Dec. 31, 2005	6%	17	571	7%	19	573
Jan. 1, 2006—Mar. 31, 2006	6%	17	571	7%	19	573
Apr. 1, 2006—Jun. 30, 2006	6%	17	571	7%	19	573
Jul. 1, 2006—Sep. 30, 2006	7%	19	573	8%	21	575
Oct. 1, 2006—Dec. 31, 2006	7%	19	573	8%	21	575
Jan. 1, 2007—Mar. 31, 2007	7%	19	573	8%	21	575
Apr. 1, 2007—Jun. 30, 2007	7%	19	573	8%	21	575
Jul. 1, 2007—Sep. 30, 2007	7%	19	573	8%	21	575
Oct. 1, 2007—Dec. 31, 2007	7%	19	573	8%	21	575
Jan. 1, 2008—Mar. 31, 2008	6%	65	619	7%	67	621
Apr. 1, 2008—Jun. 30, 2008	5%	63	617	6%	65	619
Jul. 1, 2008—Sep. 30, 2008	4%	61	615	5%	63	617
Oct. 1, 2008—Dec. 31, 2008	5%	63	617	6%	65	619
Jan. 1, 2009—Mar. 31, 2009	4%	13	567	5%	15	569

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

	OVERPAYMENTS			UNDERPAYMENTS		
	RATE	1995-1 C.B. TABLE	PG	RATE	1995-1 C.B. TABLE	PG
Apr. 1, 2009—Jun. 30, 2009	3%	11	565	4%	13	567
Jul. 1, 2009—Sep. 30, 2009	3%	11	565	4%	13	567
Oct. 1, 2009—Dec. 31, 2009	3%	11	565	4%	13	567
Jan. 1, 2010—Mar. 31, 2010	3%	11	565	4%	13	567
Apr. 1, 2010—Jun. 30, 2010	3%	11	565	4%	13	567
Jul. 1, 2010—Sep. 30, 2010	3%	11	565	4%	13	567
Oct. 1, 2010—Dec. 31, 2010	3%	11	565	4%	13	567
Jan. 1, 2011—Mar. 31, 2011	2%	9	563	3%	11	565
Apr. 1, 2011—Jun. 30, 2011	3%	11	565	4%	13	567
Jul. 1, 2011—Sep. 30, 2011	3%	11	565	4%	13	567
Oct. 1, 2011—Dec. 31, 2011	2%	9	563	3%	11	565
Jan. 1, 2012—Mar. 31, 2012	2%	57	611	3%	59	613
Apr. 1, 2012—Jun. 30, 2012	2%	57	611	3%	59	613
Jul. 1, 2012—Sep. 30, 2012	2%	57	611	3%	59	613
Oct. 1, 2012—Dec. 31, 2012	2%	57	611	3%	59	613
Jan. 1, 2013—Mar. 31, 2013	2%	9	563	3%	11	565
Apr. 1, 2013—Jun. 30, 2013	2%	9	563	3%	11	565
Jul. 1, 2013—Sep. 30, 2013	2%	9	563	3%	11	565
Oct. 1, 2013—Dec. 31, 2013	2%	9	563	3%	11	565
Jan. 1, 2014—Mar. 31, 2014	2%	9	563	3%	11	565
Apr. 1, 2014—Jun. 30, 2014	2%	9	563	3%	11	565
Jul. 1, 2014—Sep. 30, 2014	2%	9	563	3%	11	565
Oct. 1, 2014—Dec. 31, 2014	2%	9	563	3%	11	565
Jan. 1, 2015—Mar. 31, 2015	2%	9	563	3%	11	565
Apr. 1, 2015—Jun. 30, 2015	2%	9	563	3%	11	565
Jul. 1, 2015—Sep. 30, 2015	2%	9	563	3%	11	565
Oct. 1, 2015—Dec. 31, 2015	2%	9	563	3%	11	565
Jan. 1, 2016—Mar. 31, 2016	2%	57	611	3%	59	613
Apr. 1, 2016—Jun. 30, 2016	3%	59	613	4%	61	615
Jul. 1, 2016—Sep. 30, 2016	3%	59	613	4%	61	615

TABLE OF INTEREST RATES FOR  
LARGE CORPORATE UNDERPAYMENTS  
FROM JANUARY 1, 1991 — PRESENT

	RATE	1995-1 C.B. TABLE	PG
Jan. 1, 1991—Mar. 31, 1991	13%	31	585
Apr. 1, 1991—Jun. 30, 1991	12%	29	583
Jul. 1, 1991—Sep. 30, 1991	12%	29	583
Oct. 1, 1991—Dec. 31, 1991	12%	29	583

TABLE OF INTEREST RATES FOR  
LARGE CORPORATE UNDERPAYMENTS  
FROM JANUARY 1, 1991 — PRESENT

	RATE	1995-1 C.B. TABLE	PG
Jan. 1, 1992—Mar. 31, 1992	11%	75	629
Apr. 1, 1992—Jun. 30, 1992	10%	73	627
Jul. 1, 1992—Sep. 30, 1992	10%	73	627
Oct. 1, 1992—Dec. 31, 1992	9%	71	625
Jan. 1, 1993—Mar. 31, 1993	9%	23	577
Apr. 1, 1993—Jun. 30, 1993	9%	23	577
Jul. 1, 1993—Sep. 30, 1993	9%	23	577
Oct. 1, 1993—Dec. 31, 1993	9%	23	577
Jan. 1, 1994—Mar. 31, 1994	9%	23	577
Apr. 1, 1994—Jun. 30, 1994	9%	23	577
Jul. 1, 1994—Sep. 30, 1994	10%	25	579
Oct. 1, 1994—Dec. 31, 1994	11%	27	581
Jan. 1, 1995—Mar. 31, 1995	11%	27	581
Apr. 1, 1995—Jun. 30, 1995	12%	29	583
Jul. 1, 1995—Sep. 30, 1995	11%	27	581
Oct. 1, 1995—Dec. 31, 1995	11%	27	581
Jan. 1, 1996—Mar. 31, 1996	11%	75	629
Apr. 1, 1996—Jun. 30, 1996	10%	73	627
Jul. 1, 1996—Sep. 30, 1996	11%	75	629
Oct. 1, 1996—Dec. 31, 1996	11%	75	629
Jan. 1, 1997—Mar. 31, 1997	11%	27	581
Apr. 1, 1997—Jun. 30, 1997	11%	27	581
Jul. 1, 1997—Sep. 30, 1997	11%	27	581
Oct. 1, 1997—Dec. 31, 1997	11%	27	581
Jan. 1, 1998—Mar. 31, 1998	11%	27	581
Apr. 1, 1998—Jun. 30, 1998	10%	25	579
Jul. 1, 1998—Sep. 30, 1998	10%	25	579
Oct. 1, 1998—Dec. 31, 1998	10%	25	579
Jan. 1, 1999—Mar. 31, 1999	9%	23	577
Apr. 1, 1999—Jun. 30, 1999	10%	25	579
Jul. 1, 1999—Sep. 30, 1999	10%	25	579
Oct. 1, 1999—Dec. 31, 1999	10%	25	579
Jan. 1, 2000—Mar. 31, 2000	10%	73	627
Apr. 1, 2000—Jun. 30, 2000	11%	75	629
Jul. 1, 2000—Sep. 30, 2000	11%	75	629
Oct. 1, 2000—Dec. 31, 2000	11%	75	629
Jan. 1, 2001—Mar. 31, 2001	11%	27	581
Apr. 1, 2001—Jun. 30, 2001	10%	25	579
Jul. 1, 2001—Sep. 30, 2001	9%	23	577
Oct. 1, 2001—Dec. 31, 2001	9%	23	577
Jan. 1, 2002—Mar. 31, 2002	8%	21	575
Apr. 1, 2002—Jun. 30, 2002	8%	21	575
Jul. 1, 2002—Sep. 30, 2002	8%	21	575



TABLE OF INTEREST RATES FOR  
LARGE CORPORATE UNDERPAYMENTS  
FROM JANUARY 1, 1991 — PRESENT

	RATE	1995-1 C.B. TABLE	PG
Oct. 1, 2002—Dec. 31, 2002	8%	21	575
Jan. 1, 2003—Mar. 31, 2003	7%	19	573
Apr. 1, 2003—Jun. 30, 2003	7%	19	573
Jul. 1, 2003—Sep. 30, 2003	7%	19	573
Oct. 1, 2003—Dec. 31, 2003	6%	17	571
Jan. 1, 2004—Mar. 31, 2004	6%	65	619
Apr. 1, 2004—Jun. 30, 2004	7%	67	621
Jul. 1, 2004—Sep. 30, 2004	6%	65	619
Oct. 1, 2004—Dec. 31, 2004	7%	67	621
Jan. 1, 2005—Mar. 31, 2005	7%	19	573
Apr. 1, 2005—Jun. 30, 2005	8%	21	575
Jul. 1, 2005—Sep. 30, 2005	8%	21	575
Oct. 1, 2005—Dec. 31, 2005	9%	23	577
Jan. 1, 2006—Mar. 31, 2006	9%	23	577
Apr. 1, 2006—Jun. 30, 2006	9%	23	577
Jul. 1, 2006—Sep. 30, 2006	10%	25	579
Oct. 1, 2006—Dec. 31, 2006	10%	25	579
Jan. 1, 2007—Mar. 31, 2007	10%	25	579
Apr. 1, 2007—Jun. 30, 2007	10%	25	579
Jul. 1, 2007—Sep. 30, 2007	10%	25	579
Oct. 1, 2007—Dec. 31, 2007	10%	25	579
Jan. 1, 2008—Mar. 31, 2008	9%	71	625
Apr. 1, 2008—Jun. 30, 2008	8%	69	623
Jul. 1, 2008—Sep. 30, 2008	7%	67	621
Oct. 1, 2008—Dec. 31, 2008	8%	69	623
Jan. 1, 2009—Mar. 31, 2009	7%	19	573
Apr. 1, 2009—Jun. 30, 2009	6%	17	571
Jul. 1, 2009—Sep. 30, 2009	6%	17	571
Oct. 1, 2009—Dec. 31, 2009	6%	17	571
Jan. 1, 2010—Mar. 31, 2010	6%	17	571
Apr. 1, 2010—Jun. 30, 2010	6%	17	571
Jul. 1, 2010—Sep. 30, 2010	6%	17	571
Oct. 1, 2010—Dec. 31, 2010	6%	17	571
Jan. 1, 2011—Mar. 31, 2011	5%	15	569
Apr. 1, 2011—Jun. 30, 2011	6%	17	571
Jul. 1, 2011—Sep. 30, 2011	6%	17	571
Oct. 1, 2011—Dec. 31, 2011	5%	15	569
Jan. 1, 2012—Mar. 31, 2012	5%	63	617
Apr. 1, 2012—Jun. 30, 2012	5%	63	617
Jul. 1, 2012—Sep. 30, 2012	5%	63	617
Oct. 1, 2012—Dec. 31, 2012	5%	63	617
Jan. 1, 2013—Mar. 31, 2013	5%	15	569
Apr. 1, 2013—Jun. 30, 2013	5%	15	569

TABLE OF INTEREST RATES FOR  
LARGE CORPORATE UNDERPAYMENTS  
FROM JANUARY 1, 1991 — PRESENT

	RATE	1995-1 C.B. TABLE	PG
Jul. 1, 2013—Sep. 30, 2013	5%	15	569
Oct. 1, 2013—Dec. 31, 2013	5%	15	569
Jan. 1, 2014—Mar. 31, 2014	5%	15	569
Apr. 1, 2014—Jun. 30, 2014	5%	15	569
Jul. 1, 2014—Sep. 30, 2014	5%	15	569
Oct. 1, 2014—Dec. 31, 2014	5%	15	569
Jan. 1, 2015—Mar. 31, 2015	5%	15	569
Apr. 1, 2015—Jun. 30, 2015	5%	15	569
Jul. 1, 2015—Sep. 30, 2015	5%	15	569
Oct. 1, 2015—Dec. 31, 2015	5%	15	569
Jan. 1, 2016—Mar. 31, 2016	5%	63	617
Apr. 1, 2016—Jun. 30, 2016	6%	65	619
Jul. 1, 2016—Sep. 30, 2016	6%	65	619

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

	RATE	1995-1 C.B. TABLE	PG
Jan. 1, 1995—Mar. 31, 1995	6.5%	18	572
Apr. 1, 1995—Jun. 30, 1995	7.5%	20	574
Jul. 1, 1995—Sep. 30, 1995	6.5%	18	572
Oct. 1, 1995—Dec. 31, 1995	6.5%	18	572
Jan. 1, 1996—Mar. 31, 1996	6.5%	66	620
Apr. 1, 1996—Jun. 30, 1996	5.5%	64	618
Jul. 1, 1996—Sep. 30, 1996	6.5%	66	620
Oct. 1, 1996—Dec. 31, 1996	6.5%	66	620
Jan. 1, 1997—Mar. 31, 1997	6.5%	18	572
Apr. 1, 1997—Jun. 30, 1997	6.5%	18	572
Jul. 1, 1997—Sep. 30, 1997	6.5%	18	572
Oct. 1, 1997—Dec. 31, 1997	6.5%	18	572
Jan. 1, 1998—Mar. 31, 1998	6.5%	18	572
Apr. 1, 1998—Jun. 30, 1998	5.5%	16	570
Jul. 1, 1998—Sep. 30, 1998	5.5%	16	570
Oct. 1, 1998—Dec. 31, 1998	5.5%	16	570
Jan. 1, 1999—Mar. 31, 1999	4.5%	14	568
Apr. 1, 1999—Jun. 30, 1999	5.5%	16	570
Jul. 1, 1999—Sep. 30, 1999	5.5%	16	570
Oct. 1, 1999—Dec. 31, 1999	5.5%	16	570
Jan. 1, 2000—Mar. 31, 2000	5.5%	64	618
Apr. 1, 2000—Jun. 30, 2000	6.5%	66	620
Jul. 1, 2000—Sep. 30, 2000	6.5%	66	620

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

	RATE	1995-1 C.B. TABLE	PG
Oct. 1, 2000—Dec. 31, 2000	6.5%	66	620
Jan. 1, 2001—Mar. 31, 2001	6.5%	18	572
Apr. 1, 2001—Jun. 30, 2001	5.5%	16	570
Jul. 1, 2001—Sep. 30, 2001	4.5%	14	568
Oct. 1, 2001—Dec. 31, 2001	4.5%	14	568
Jan. 1, 2002—Mar. 31, 2002	3.5%	12	566
Apr. 1, 2002—Jun. 30, 2002	3.5%	12	566
Jul. 1, 2002—Sep. 30, 2002	3.5%	12	566
Oct. 1, 2002—Dec. 31, 2002	3.5%	12	566
Jan. 1, 2003—Mar. 31, 2003	2.5%	10	564
Apr. 1, 2003—Jun. 30, 2003	2.5%	10	564
Jul. 1, 2003—Sep. 30, 2003	2.5%	10	564
Oct. 1, 2003—Dec. 31, 2003	1.5%	8	562
Jan. 1, 2004—Mar. 31, 2004	1.5%	56	610
Apr. 1, 2004—Jun. 30, 2004	2.5%	58	612
Jul. 1, 2004—Sep. 30, 2004	1.5%	56	610
Oct. 1, 2004—Dec. 31, 2004	2.5%	58	612
Jan. 1, 2005—Mar. 31, 2005	2.5%	10	564
Apr. 1, 2005—Jun. 30, 2005	3.5%	12	566
Jul. 1, 2005—Sep. 30, 2005	3.5%	12	566
Oct. 1, 2005—Dec. 31, 2005	4.5%	14	568
Jan. 1, 2006—Mar. 31, 2006	4.5%	14	568
Apr. 1, 2006—Jun. 30, 2006	4.5%	14	568
Jul. 1, 2006—Sep. 30, 2006	5.5%	16	570
Oct. 1, 2006—Dec. 31, 2006	5.5%	16	570
Jan. 1, 2007—Mar. 31, 2007	5.5%	16	570
Apr. 1, 2007—Jun. 30, 2007	5.5%	16	570
Jul. 1, 2007—Sep. 30, 2007	5.5%	16	570
Oct. 1, 2007—Dec. 31, 2007	5.5%	16	570
Jan. 1, 2008—Mar. 31, 2008	4.5%	62	616
Apr. 1, 2008—Jun. 30, 2008	3.5%	60	614
Jul. 1, 2008—Sep. 30, 2008	2.5%	58	612
Oct. 1, 2008—Dec. 31, 2008	3.5%	60	614
Jan. 1, 2009—Mar. 31, 2009	2.5%	10	564
Apr. 1, 2009—Jun. 30, 2009	1.5%	8	562
Jul. 1, 2009—Sep. 30, 2009	1.5%	8	562
Oct. 1, 2009—Dec. 31, 2009	1.5%	8	562
Jan. 1, 2010—Mar. 31, 2010	1.5%	8	562
Apr. 1, 2010—Jun. 30, 2010	1.5%	8	562
Jul. 1, 2010—Sep. 30, 2010	1.5%	8	562
Oct. 1, 2010—Dec. 31, 2010	1.5%	8	562
Jan. 1, 2011—Mar. 31, 2011	0.5%*		
Apr. 1, 2011—Jun. 30, 2011	1.5%	8	562

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

	RATE	1995-1 C.B. TABLE	PG
Jul. 1, 2011—Sep. 30, 2011	1.5%	8	562
Oct. 1, 2011—Dec. 31, 2011	0.5%*		
Jan. 1, 2012—Mar. 31, 2012	0.5%*		
Apr. 1, 2012—Jun. 30, 2012	0.5%*		
Jul. 1, 2012—Sep. 30, 2012	0.5%*		
Oct. 1, 2012—Dec. 31, 2012	0.5%*		
Jan. 1, 2013—Mar. 31, 2013	0.5%*		
Apr. 1, 2013—Jun. 30, 2013	0.5%*		
Jul. 1, 2013—Sep. 30, 2013	0.5%*		
Oct. 1, 2013—Dec. 31, 2013	0.5%*		
Jan. 1, 2014—Mar. 31, 2014	0.5%*		
Apr. 1, 2014—Jun. 30, 2014	0.5%*		
Jul. 1, 2014—Sep. 30, 2014	0.5%*		
Oct. 1, 2014—Dec. 31, 2014	0.5%*		
Jan. 1, 2015—Mar. 31, 2015	0.5%*		
Apr. 1, 2015—Jun. 30, 2015	0.5%*		
Jul. 1, 2015—Sep. 30, 2015	0.5%*		
Oct. 1, 2015—Dec. 31, 2015	0.5%*		
Jan. 1, 2016—Mar. 31, 2016	0.5%*		
Apr. 1, 2016—Jun. 30, 2016	1.5%	56	610
Jul. 1, 2016—Sep. 30, 2016	1.5%	56	610

\* The asterisk reflects the interest factors for daily compound interest for annual rates of 0.5 percent are published in Appendix A of this Revenue Ruling.

## Section 108.—Income from Discharge of Indebtedness

### Rev. Rul. 2016-15

#### ISSUES

(1) Is real property that a taxpayer develops and holds for lease in its leasing business “real property used in a trade or business” for purposes of § 108(c)(3)(A) of the Internal Revenue Code?

(2) Is real property that a taxpayer develops and holds primarily for sale to customers in the ordinary course of business “real property used in a trade or business” for purposes of § 108(c)(3)(A)?

#### FACTS

*Situation 1—Real property developed and held for lease.* C is a sole proprietor engaged in the business of developing and leasing real property. In 2016, C obtains a loan of \$10,000,000 from a bank and uses the entire loan proceeds to construct an apartment building for use in C’s leasing business. C secures the loan with the apartment building. C leases units in the apartment building through C’s leasing business.

Before the loan’s maturity date, C reduces the principal of the loan to \$8,000,000. On the loan’s maturity date, C is unable to repay the full \$8,000,000 of principal that C owes to the bank because C has only \$5,500,000 in cash. The fair market value of the apartment building is \$5,000,000 and C’s adjusted basis is \$9,400,000. After negotiations, the bank

agrees to cancel the loan on the apartment building in exchange for \$5,250,000 in cash. At the time of the loan cancellation, C is neither under the jurisdiction of a bankruptcy court nor insolvent.

For the taxable year in which the bank cancels the loan, C elects to exclude under § 108(a)(1)(D) the \$2,750,000 (\$8,000,000 – \$5,250,000) of cancellation of debt (COD) income arising from the cancellation of the loan.

*Situation 2—Real property developed and held for sale.* The facts are the same as those in Situation 1, except in Situation 2, instead of constructing and leasing units in an apartment building, C is engaged in the business of developing and holding real property for sale. C obtains the \$10,000,000 loan from a bank to construct a residential community and subdivides

the residential community into lots and holds the lots primarily for sale. C secures the loan with the residential community real property.

## LAW

Section 108(a)(1)(D) provides that a taxpayer that is not a C corporation may exclude COD income from gross income if the cancelled debt is “qualified real property business indebtedness” (QRPBI). Section 108(c)(3) defines QRPBI as indebtedness which (A) is incurred or assumed by the taxpayer in connection with real property used in a trade or business and is secured by such real property, and (B) was incurred or assumed before January 1, 1993, or, if incurred or assumed on or after that date, is qualified acquisition indebtedness, and (C) with respect to which the taxpayer makes an election to exclude from gross income. Section 108(c)(4) generally defines “qualified acquisition indebtedness” as indebtedness incurred or assumed to acquire, construct, reconstruct, or substantially improve the real property.

Section 108(c)(1) provides that if a taxpayer excludes COD income under § 108(a)(1)(D), the taxpayer must reduce basis in depreciable real property by the same amount in accordance with § 1017. *See also* § 1017(b)(3)(F)(i) (basis reductions under § 108(c)(1) apply only to depreciable real property). In some circumstances, § 1017(b)(3)(E)(i) allows a taxpayer to elect to treat real property described in § 1221(a)(1) as depreciable property for purposes of § 1017, even though such property is not usually treated as depreciable property. *See* § 1.167-2 of the Income Tax Regulations. Section 1221(a)(1) pertains to stock in trade or other property included in inventory or held by a taxpayer primarily for sale to customers in the ordinary course of its trade or business. However, § 1017(b)(3)(F)(ii) provides that the election to treat such property as depreciable property does not apply in the case of any amount applied to reduce basis under § 108(c)(1) (relating to QRPBI).

Under § 108(c)(2)(A) the amount of COD income that a taxpayer may exclude is limited to the excess of the outstanding principal amount of the QRPBI immediately before the cancellation over the fair market value of the real property securing the debt, as reduced by the outstanding principal amount of other QRPBI secured

by the property. Further, the amount of COD income that a taxpayer may exclude under § 108(a)(1)(D) may not exceed the aggregate adjusted bases (after basis reduction under §§ 108(b) and (g)) of depreciable real property held by the taxpayer immediately before the cancellation. *See* § 108(c)(2)(B).

Section 1.1017-1(c)(1) provides that, for basis reduction under § 108(c)(1), a taxpayer must reduce the adjusted basis of the qualifying real property to the extent of the discharged QRPBI before reducing the adjusted bases of other depreciable real property. For this purpose, “qualifying real property” means real property with respect to which the indebtedness is QRPBI.

Section 167(a) allows as a depreciation deduction, a reasonable allowance for the exhaustion, wear and tear, and obsolescence of property used in the taxpayer’s trade or business or held by the taxpayer for the production of income. Residential rental property is depreciable property. *See* § 168(e)(2)(A). However, § 1.167(a)-2 provides that no depreciation deduction is allowed for inventories, stock in trade, or land separate from the physical improvements made to the land.

## ANALYSIS

Sections 108 and 1017 operate together to allow a taxpayer that is not a C corporation to elect to defer the recognition of COD income resulting from the cancellation of QRPBI by excluding COD income under § 108 and making a corresponding basis reduction under § 1017. The legislative history underlying these QRPBI provisions is instructive:

The [House Budget] [C]ommittee understands that real property has declined in value in some areas of the nation, in some cases to such a degree that the property can no longer support the debt with which it is encumbered. The committee believes that where an individual has discharge of indebtedness that results from a decline in value of business real property securing that indebtedness, it is appropriate to provide for deferral, rather than current inclusion, of the resulting income. Generally, that deferral should not extend beyond the period that the taxpayer owns the property.

H.R. Rep. No. 103-111, at 622-623 (1993).

The Code and the regulations further Congress’ intent to provide only for a

deferral of income that generally corresponds to the period the taxpayer holds the property securing the debt. The Code and the regulations also indicate that debt secured by § 1221(a)(1) property is outside the scope of the QRPBI provisions.

Sections 108(c)(1) and 1017(b)(3) provide that a taxpayer that excludes COD income under § 108(a)(1)(D) must make an offsetting basis reduction in depreciable real property. Under § 167 and the associated regulations, residential rental property is depreciable real property, but inventories or stock in trade is not depreciable property. Although § 1017(b)(3)(E) generally permits a taxpayer to elect to treat § 1221(a)(1) real property as depreciable property, § 1017(b)(3)(F)(ii) specifically precludes a taxpayer from making this election in the case of QRPBI. Regulations under § 1017 provide ordering rules that further Congressional intent that the deferral period generally should correspond to the period that the taxpayer holds the property securing the cancelled debt. Specifically, § 1.1017-1(c)(1) provides that a taxpayer must reduce basis first in the property securing the cancelled debt, and then in similar depreciable real property. If debt associated with § 1221(a)(1) property were treated as QRPBI, a taxpayer would be unable to reduce the basis of the property securing the debt, much less reduce the basis of that property prior to reducing the bases of depreciable real property used in the taxpayer’s trade or business. This result would be inconsistent with Congressional intent and § 1.1017-1(c)(1). Moreover, the inability to reduce the basis of the § 1221(a)(1) property securing the debt would create deferrals of COD income that extend well beyond the period the taxpayer holds the § 1221(a)(1) property because the taxpayer would need to reduce the basis of depreciable real property unrelated to the indebtedness, and typically a taxpayer holds depreciable business property substantially longer than it holds § 1221(a)(1) property. Accordingly, debt incurred in connection with, and secured by, § 1221(a)(1) real property cannot be treated as QRPBI.

This revenue ruling obsoletes Rev. Rul. 76-86, 1976-1 C.B. 37, which relied on prior law under §§ 108 and 1017 in concluding that an individual taxpayer could



exclude income arising from the discharge of indebtedness incurred in purchasing merchandise for resale. The current versions of §§ 108 and 1017 are materially different from §§ 108 and 1017 as in effect when Rev. Rul. 76–86 was issued; thus, Rev. Rul. 76–86 no longer reflects current law.

Based on the foregoing, *C* must account for the discharge of indebtedness as follows:

*Situation 1.* *C* holds the apartment building for use in *C*'s business and is allowed to depreciate the apartment building in accordance with the Code and regulations. Accordingly, the debt *C* incurred to construct the apartment building is QRPBI. *C* may elect to defer the \$2,750,000 of COD income under § 108(a)(1)(D) in the taxable year of discharge by excluding this amount from gross income and reducing *C*'s basis in the apartment building by the same amount.

*Situation 2.* Because *C* holds the residential community lots primarily for sale to customers in *C*'s business, *C* is not allowed to depreciate the lots in accordance with the Code and regulations. Accordingly, the debt *C* incurred to construct the residential community may not be treated as QRPBI. *C* may not elect to exclude the \$2,750,000 of COD income under § 108(a)(1)(D).

## HOLDINGS

(1) Real property developed and held by a taxpayer for lease in its leasing business is “real property used in a trade or business” for purposes of § 108(c)(3)(A).

(2) Real property developed and held by a taxpayer primarily for sale to customers in the ordinary course of business is not “real property used in a trade or business” for purposes of § 108(c)(3)(A).

## EFFECT ON OTHER REVENUE RULING

Rev. Rul. 76–86 is obsolete.

## DRAFTING INFORMATION

The principal author of this revenue ruling is Sue-Jean Kim of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue ruling, contact Ms. Kim at (202) 317-7007 (not a toll-free number).

## Section 274—Disallowance of Certain Entertainment, Etc., Expenses

*26 CFR 1.274-1: Disallowance of certain entertainment, gift and travel expenses*

### Rev. Rul. 2016–16

#### ISSUE

Section 274(h) of the Internal Revenue Code (the “Code”) limits deductions for expenses incurred in connection with a convention, seminar, or similar meeting (collectively, a “convention”) held outside the “North American area.” This revenue ruling contains an updated list of all geographical areas currently included in the North American area for purposes of section 274(h).

#### LAW AND ANALYSIS

Section 274(h)(1) disallows deductions under section 162 for expenses allocable to attendance of an individual at a convention held outside the North American area unless the taxpayer demonstrates that the meeting is directly related to the active conduct of his or her trade or business and the location of the convention satisfies specified standards of reasonableness.

A geographical area may be included in the North American area for purposes of section 274(h) under one of the four provisions described in the paragraphs that follow.

#### *Section 274(h)(3)(A)*

Section 274(h)(3)(A) defines the term “North American area” as the United States, its possessions, the Trust Territory of the Pacific Islands, Canada, and Mexico. Under section 7701(a)(9), the United States consists of the fifty states and the District of Columbia. The Internal Revenue Service treats the following as the possessions of the United States for this purpose: American Samoa, Baker Island, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, Howland Island, Jarvis Island, Johnston Island, Kingman Reef, the Midway Islands, Palmyra Atoll, the United States Virgin Islands, Wake Island, and other United States islands, cays, and reefs not part of the fifty states

or the District of Columbia. The jurisdictions that formerly constituted the Trust Territory of the Pacific Islands — the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau — are now covered by the compacts with the United States as described in the following two paragraphs.

#### *The Compact of Free Association Act of 1985*

The Compact of Free Association Act of 1985, Pub. L. No. 99–239, 99 Stat. 1770 (1986), went into effect on October 21, 1986, with respect to the Republic of the Marshall Islands, and on November 3, 1986, with respect to the Federated States of Micronesia. Section 405 of Title IV of the Compact provides that, for purposes of section 274(h)(3)(A) of the Code, the Republic of the Marshall Islands and the Federated States of Micronesia are included in the North American area.

#### *The Compact of Free Association between the United States and the Republic of Palau*

The Compact of Free Association between the United States and the Republic of Palau, Pub. L. No. 99–658, 100 Stat. 3672 (1986), went into effect on October 1, 1994. Section 255(d) of Title II of the Compact with Palau provides that for purposes of section 274(h)(3)(A) of the Code, Palau is included in the North American area.

#### *Section 274(h)(6)*

Section 274(h)(6)(A) provides that the term “North American area” includes any beneficiary country if, as of the time a convention begins: (i) there is in effect an agreement described in section 274(h)(6)(C) providing for the exchange of information between the United States and the beneficiary country; and (ii) there is not in effect a finding by the Secretary of the Treasury that the tax laws of the beneficiary country discriminate against conventions held in the United States.

“Beneficiary country” for this purpose means, under section 274(h)(6)(B), a beneficiary country as defined in section 212(a)(1)(A) of the Caribbean Basin Economic Recovery Act, Pub. L. No. 98–67, 97 Stat. 384 (1983), and Bermuda.

An agreement is described in section 274(h)(6)(C) only if it provides for the exchange of information between the United States and the beneficiary country (not limited to information concerning nationals or residents of the United States or the beneficiary country) as may be necessary or appropriate to carry out and enforce the tax laws of the United States and the beneficiary country (whether criminal or civil proceedings), including information that may otherwise be subject to non-disclosure provisions of the local law of the beneficiary country, such as provisions respecting bank secrecy and bearer shares. The agreement must also be terminable by either country on reasonable notice and must contain certain disclosure and use restrictions with respect to the information exchanged.

Thus, for a country to be included in the North American area under section 274(h)(6), each of the following conditions must be met:

- (1) The country must be a “beneficiary country” as defined in section 274(h)(6)(B).
- (2) An agreement providing for the exchange of information must be in effect between the country and the United States.
- (3) Such agreement must provide for exchange of information of the breadth, and subject to the provisions, set forth in section 274(h)(6)(C).
- (4) There is not in effect a finding by the Secretary of the Treasury that the tax laws of the beneficiary country discriminate against conventions held in the United States.

Rev. Rul. 2011–26, 2011–48 I.R.B. 803, identified each of the following jurisdictions as a beneficiary country for which these conditions were met: Antigua and Barbuda, Aruba, Bahamas, Barbados, Bermuda, Costa Rica, Dominica, Dominican Republic, Grenada, Guyana, Honduras, Jamaica, Netherlands Antilles, Panama, and Trinidad and Tobago.

The paragraphs that follow address special considerations with respect to certain jurisdictions, including changes in status since Rev. Rul. 2011–26.

#### *The Netherlands Antilles*

The Netherlands Antilles ceased to exist as part of the Kingdom of the Netherlands on October 10, 2010. Curaçao and

Sint Maarten became autonomous territories within the Kingdom of the Netherlands, while the other islands of the Netherlands Antilles — Bonaire, Sint Eustatius, and Saba — became the Caribbean part of the Netherlands. The Agreement between the Government of the United States of America and the Government of the Kingdom of the Netherlands in Respect of the Netherlands Antilles for the Exchange of Information with Respect to Taxes, signed on April 17, 2002, continues to apply to Curaçao, Sint Maarten, and the Caribbean part of the Netherlands.

Curaçao was designated as a beneficiary country for purposes of the Caribbean Basin Economic Recovery Act on December 23, 2013, Presidential Proclamation No. 9072, 78 Fed. Reg. 80,417 (December 23, 2013), and therefore is a beneficiary country within the meaning of section 274(h)(6)(B). A tax information exchange agreement continues in force between the United States and Curaçao and is an agreement described in section 274(h)(6)(C). There is no finding in effect by the Secretary of the Treasury that the tax laws of Curaçao discriminate against conventions held in the United States. Therefore, Curaçao is included in the North American area under section 274(h)(6) as of December 23, 2013.

Recognizing that this revenue ruling is the first published guidance on the status of Curaçao under section 274(h)(6) following the dissolution of the Netherlands Antilles, the Treasury Department and the IRS have determined that administrative transition relief is appropriate. The IRS will not assert as a basis for disallowing deductions that Curaçao was not included in the North American area under section 274(h)(6) during the period from the dissolution of the Netherlands Antilles on October 10, 2010, through December 22, 2013.

Sint Maarten and the Caribbean part of the Netherlands have not been designated as beneficiary countries under section 212(a)(1)(A) of the Caribbean Basin Economic Recovery Act and therefore are not beneficiary countries within the meaning of section 274(h)(6)(B). Accordingly, following the dissolution of the Netherlands Antilles, Sint Maarten and the Caribbean part of the Netherlands are outside the

North American area under section 274(h)(6).

Recognizing that this revenue ruling is the first published guidance on the status of Sint Maarten and the Caribbean part of the Netherlands under section 274(h)(6) following the dissolution of the Netherlands Antilles, the Treasury Department and the IRS have determined that administrative transition relief is appropriate. The IRS will not assert that Sint Maarten or the Caribbean part of the Netherlands was outside the North American area under section 274(h)(6) as a basis for disallowing deductions for expenses incurred in attending a convention in Sint Maarten or the Caribbean part of the Netherlands during the period (or with respect to which the taxpayer demonstrates that a nonrefundable contractual obligation existed during the period) from October 10, 2010, through June 27, 2016.

#### *Saint Lucia*

Since publication of Rev. Rul. 2011–26, Saint Lucia has enacted implementing legislation regarding the Agreement Between the Government of the United States and Saint Lucia for Tax Cooperation and the Exchange of Information with Respect to Taxes. International Tax Cooperation Act, No. 6 (2012); International Tax Cooperation (Amendment of Schedule) (No. 2) Order, No. 44 (May 5, 2014). With the passage of this implementing legislation, the agreement now is in effect within the meaning of section 274(h)(6)(A)(i) and is an agreement described in section 274(h)(6)(C). Saint Lucia is a beneficiary country within the meaning of section 274(h)(6)(B), and no finding is in effect by the Secretary of the Treasury that the tax laws of Saint Lucia discriminate against conventions held in the United States. Therefore, Saint Lucia is included in the North American area under section 274(h)(6) as of May 5, 2014.

#### *Cayman Islands*

Also since the publication of Rev. Rul. 2011–26, the Agreement between the Government of the United States of America and the Government of the Cayman Islands for the Exchange of Information Relating to Taxes entered into force

on April 14, 2014. U.S. Department of State, Treaties and Other International Acts Series 14-414, available at <http://www.state.gov/documents/organization/227185.pdf>. This new agreement is an agreement described in section 274(h)(6)(C). However, the Cayman Islands has not been designated as a beneficiary country for purposes of the Caribbean Basin Economic Recovery Act, and therefore, it is not a beneficiary country within the meaning of section 274(h)(6)(B). Accordingly,

the Cayman Islands remains outside the North American area under section 274(h)(6).

#### *British Virgin Islands*

The British Virgin Islands is a beneficiary country and has a tax information exchange agreement in effect with the United States, but the agreement is not of the type described in section 274(h)(6)(C) because of certain limitations in scope. Accordingly, the British Virgin Islands is

outside the North American area under section 274(h)(6).

#### **HOLDING**

For purposes of determining whether deductions are allowed for expenses incurred in connection with a convention, the following areas are included in the North American area as of the effective date of section 274(h) except as otherwise indicated:

1. The fifty states of the United States and the District of Columbia;
2. The possessions of the United States, which for this purpose are American Samoa, Baker Island, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, Howland Island, Jarvis Island, Johnston Island, Kingman Reef, the Midway Islands, Palmyra Atoll, the United States Virgin Islands, Wake Island, and other United States islands, cays, and reefs not part of the fifty states or the District of Columbia;
3. Canada;
4. Mexico;
5. The Republic of the Marshall Islands;
6. The Federated States of Micronesia;
7. The Republic of Palau;

8. Antigua and Barbuda
9. Aruba
10. Bahamas
11. Barbados
12. Bermuda
13. Costa Rica
14. Curaçao
15. Dominica
16. Dominican Republic
17. Grenada
18. Guyana
19. Honduras
20. Jamaica
21. Panama
22. Saint Lucia
23. Trinidad and Tobago

*For expenses incurred in attending a convention that began on or after:*

- February 10, 2003  
 September 13, 2004  
 January 1, 2006  
 November 3, 1984  
 December 2, 1988  
 February 12, 1991  
 December 23, 2013\*  
 May 9, 1988  
 October 12, 1989  
 July 13, 1987  
 August 27, 1992  
 October 10, 1991  
 December 18, 1986  
 April 18, 2011  
 May 5, 2014  
 February 9, 1990

\* For conventions in Curaçao during the period from October 10, 2010, through December 22, 2013, see the transition relief described in this revenue ruling.

For conventions in Sint Maarten, Bonaire, Sint Eustatius, or Saba during the period (or with respect to which the taxpayer demonstrates a nonrefundable contractual obligation existed during the period) from October 10, 2010, through June 27, 2016, see the transition relief described in this revenue ruling.

This revenue ruling will be updated as future developments result in the inclusion of other areas in, or the exclusion of areas from, the North American area.

#### **EFFECT ON OTHER DOCUMENTS**

Rev. Rul. 2011–26 is modified and superseded.

#### **DRAFTING INFORMATION**

The principal author of this revenue ruling is Nathaniel B. Parker of the Office of Associate Chief Counsel (International), Branch 7. For further information regarding this revenue ruling, contact the principal author at (202) 317-6941 (not a toll-free number).

# Part III. Administrative, Procedural, and Miscellaneous

## Update for Weighted Average Interest Rates, Yield Curves, and Segment Rates

### Notice 2016-38

This notice provides guidance on the corporate bond monthly yield curve, the corresponding spot segment rates used under § 417(e)(3), and the 24-month average segment rates under § 430(h)(2) of the Internal Revenue Code. In addition, this notice provides guidance as to the interest rate on 30-year Treasury securities under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning before 2008 and the 30-year Treasury weighted average rate under § 431(c)(6)(E)(ii)(I).

#### YIELD CURVE AND SEGMENT RATES

Generally, except for certain plans under sections 104 and 105 of the Pension Protection Act of 2006 and CSEC plans under § 414(y), § 430 of the Code speci-

fies the minimum funding requirements that apply to single-employer plans pursuant to § 412. Section 430(h)(2) specifies the interest rates that must be used to determine a plan's target normal cost and funding target. Under this provision, present value is generally determined using three 24-month average interest rates ("segment rates"), each of which applies to cash flows during specified periods. To the extent provided under § 430(h)(2)(C)(iv), these segment rates are adjusted by the applicable percentage of the 25-year average segment rates for the period ending September 30 of the year preceding the calendar year in which the plan year begins.<sup>1</sup> However, an election may be made under § 430(h)(2)(D)(ii) to use the monthly yield curve in place of the segment rates.

Notice 2007-81, 2007-44 I.R.B. 899, provides guidelines for determining the monthly corporate bond yield curve, and the 24-month average corporate bond segment rates used to compute the target normal cost and the funding target. Consistent with the methodology specified in Notice 2007-81, the monthly corporate bond yield curve derived from May 2016

data is in Table I at the end of this notice. The spot first, second, and third segment rates for the month of May 2016 are, respectively, 1.50, 3.60, and 4.62.

The 24-month average segment rates determined under § 430(h)(2)(C)(i) through (iii) must be adjusted pursuant to § 430(h)(2)(C)(iv) to be within the applicable minimum and maximum percentages of the corresponding 25-year average segment rates. For plan years beginning before 2018, the applicable minimum percentage is 90% and the applicable maximum percentage is 110%. The 25-year average segment rates for plan years beginning in 2014, 2015, and 2016 were published in Notice 2013-58, 2013-40 I.R.B. 294, Notice 2014-50, 2014-40 I.R.B. 590, and Notice 2015-61, 2015-39 I.R.B. 408, respectively.

#### 24-MONTH AVERAGE CORPORATE BOND SEGMENT RATES

The three 24-month average corporate bond segment rates applicable for June 2016 without adjustment for the 25-year average segment rate limits are as follows:

Applicable Month	First Segment	Second Segment	Third Segment
June 2016	1.50	3.88	4.89

Based on § 430(h)(2)(C)(iv), the 24-month averages applicable for June 2016

adjusted to be within the applicable minimum and maximum percentages of the

corresponding 25-year average segment rates, are as follows:

For Plan Years Beginning In	Adjusted 24-Month Average Segment Rates				
	Applicable Month		First Segment	Second Segment	Third Segment
2015	June	2016	4.72	6.11	6.81
2016	June	2016	4.43	5.91	6.65

#### 30-YEAR TREASURY SECURITIES INTEREST RATES

Generally for plan years beginning after 2007, § 431 specifies the minimum funding requirements that apply to multi-employer plans pursuant to § 412. Sec-

tion 431(c)(6)(B) specifies a minimum amount for the full-funding limitation described in § 431(c)(6)(A), based on the plan's current liability. Section 431(c)(6)(E)(ii)(I) provides that the interest rate used to calculate current liability for this purpose must be no more than 5 percent above and

no more than 10 percent below the weighted average of the rates of interest on 30-year Treasury securities during the four-year period ending on the last day before the beginning of the plan year. Notice 88-73, 1988-2 C.B. 383, provides guidelines for determining the weighted

<sup>1</sup>Pursuant to § 433(h)(3)(A), the 3<sup>rd</sup> segment rate determined under § 430(h)(2)(C) is used to determine the current liability of a CSEC plan (which is used to calculate the minimum amount of the full funding limitation under § 433(c)(7)(C)).



average interest rate. The rate of interest on 30-year Treasury securities for May 2016 is 2.63 percent. The Service determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in February 2046

determined each day through May 11, 2016 and the yield on the 30-year Treasury bond maturing in May 2046 determined each day for the balance of the month. For plan years beginning in the month shown below, the weighted aver-

age of the rates of interest on 30-year Treasury securities and the permissible range of rate used to calculate current liability are as follows:

For Plan Years Beginning in		30-Year Treasury Weighted Average	Permissible Range		
<i>Month</i>	<i>Year</i>		90%	to	105%
June	2016	3.05	2.74		3.20

**MINIMUM PRESENT VALUE SEGMENT RATES**

In general, the applicable interest rates under § 417(e)(3)(D) are segment rates

computed without regard to a 24-month average. Notice 2007–81 provides guidelines for determining the minimum present value segment rates. Pursuant to that notice, the minimum present value seg-

ment rates determined for May 2016 are as follows:

First Segment	Second Segment	Third Segment
1.50	3.60	4.62

**DRAFTING INFORMATION**

The principal author of this notice is Tom Morgan of the Office of the Associate Chief Counsel (Tax Exempt and Government Entities). However, other personnel from the IRS participated in the development of this guidance. For further information regarding this notice, contact Mr. Morgan at 202-317-6700 or Tony Montanaro at 202-317-8698 (not toll-free number).



**Table I**  
 Monthly Yield Curve for May 2016  
 Derived from May 2016 Data

<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>
0.5	0.70	20.5	4.34	40.5	4.65	60.5	4.76	80.5	4.82
1.0	0.98	21.0	4.35	41.0	4.65	61.0	4.76	81.0	4.82
1.5	1.22	21.5	4.37	41.5	4.66	61.5	4.77	81.5	4.82
2.0	1.41	22.0	4.38	42.0	4.66	62.0	4.77	82.0	4.82
2.5	1.55	22.5	4.39	42.5	4.67	62.5	4.77	82.5	4.82
3.0	1.65	23.0	4.40	43.0	4.67	63.0	4.77	83.0	4.82
3.5	1.74	23.5	4.41	43.5	4.67	63.5	4.77	83.5	4.82
4.0	1.82	24.0	4.42	44.0	4.68	64.0	4.77	84.0	4.83
4.5	1.92	24.5	4.43	44.5	4.68	64.5	4.78	84.5	4.83
5.0	2.03	25.0	4.44	45.0	4.68	65.0	4.78	85.0	4.83
5.5	2.15	25.5	4.45	45.5	4.69	65.5	4.78	85.5	4.83
6.0	2.28	26.0	4.46	46.0	4.69	66.0	4.78	86.0	4.83
6.5	2.42	26.5	4.47	46.5	4.69	66.5	4.78	86.5	4.83
7.0	2.56	27.0	4.48	47.0	4.70	67.0	4.78	87.0	4.83
7.5	2.70	27.5	4.49	47.5	4.70	67.5	4.79	87.5	4.83
8.0	2.84	28.0	4.50	48.0	4.70	68.0	4.79	88.0	4.83
8.5	2.98	28.5	4.51	48.5	4.71	68.5	4.79	88.5	4.83
9.0	3.11	29.0	4.52	49.0	4.71	69.0	4.79	89.0	4.83
9.5	3.23	29.5	4.52	49.5	4.71	69.5	4.79	89.5	4.84
10.0	3.35	30.0	4.53	50.0	4.71	70.0	4.79	90.0	4.84
10.5	3.45	30.5	4.54	50.5	4.72	70.5	4.79	90.5	4.84
11.0	3.55	31.0	4.55	51.0	4.72	71.0	4.80	91.0	4.84
11.5	3.64	31.5	4.55	51.5	4.72	71.5	4.80	91.5	4.84
12.0	3.73	32.0	4.56	52.0	4.72	72.0	4.80	92.0	4.84
12.5	3.80	32.5	4.57	52.5	4.73	72.5	4.80	92.5	4.84
13.0	3.87	33.0	4.57	53.0	4.73	73.0	4.80	93.0	4.84
13.5	3.93	33.5	4.58	53.5	4.73	73.5	4.80	93.5	4.84
14.0	3.98	34.0	4.58	54.0	4.73	74.0	4.80	94.0	4.84
14.5	4.03	34.5	4.59	54.5	4.74	74.5	4.80	94.5	4.84
15.0	4.07	35.0	4.60	55.0	4.74	75.0	4.81	95.0	4.84
15.5	4.11	35.5	4.60	55.5	4.74	75.5	4.81	95.5	4.85
16.0	4.15	36.0	4.61	56.0	4.74	76.0	4.81	96.0	4.85
16.5	4.18	36.5	4.61	56.5	4.75	76.5	4.81	96.5	4.85
17.0	4.20	37.0	4.62	57.0	4.75	77.0	4.81	97.0	4.85
17.5	4.23	37.5	4.62	57.5	4.75	77.5	4.81	97.5	4.85
18.0	4.25	38.0	4.63	58.0	4.75	78.0	4.81	98.0	4.85
18.5	4.27	38.5	4.63	58.5	4.75	78.5	4.81	98.5	4.85
19.0	4.29	39.0	4.64	59.0	4.76	79.0	4.82	99.0	4.85
19.5	4.31	39.5	4.64	59.5	4.76	79.5	4.82	99.5	4.85
20.0	4.32	40.0	4.65	60.0	4.76	80.0	4.82	100.0	4.85

# Recovery of Investment in the Contract from Payments Received from a Qualified Defined Benefit Plan by an Employee During Phased Retirement

## Notice 2016–39

### I. PURPOSE

This notice provides guidance in response to inquiries as to whether payments received by an employee from a qualified defined benefit plan<sup>1</sup> during phased retirement are amounts received as an annuity under § 72 of the Internal Revenue Code. For purposes of this notice, phased retirement is an arrangement under which a participant in a qualified defined benefit plan commences the distribution of a portion of his or her retirement benefits from the plan while continuing to work on a part-time basis.

This notice also provides guidance regarding the appropriate present value factors to be used for purposes of determining the basis recovery fraction of each payment received during phased retirement, and provides guidance regarding the time for determining the basis recovery fraction for these phased retirement payments.

This notice does not apply to amounts received from non-qualified contracts. Rev. Proc. 2016–36, 2016–26 I.R.B. 1160, provides guidance regarding the application of Treas. Reg. §§ 1.72–2(b)(2) and 1.72–4(b)(1) to non-qualified contracts.

### II. BACKGROUND

Section 402(a) provides that any amount actually distributed to any distributee by any trust described in § 401(a) is taxable to the distributee in the taxable year in which distributed under § 72.

Section 72(a) provides that, in general, gross income includes any amount received as an annuity under an annuity, endowment, or life insurance contract.

Section 72(b)(1) provides that gross income does not include that part of any amount received under an annuity contract which bears the same ratio to that amount as the investment in the contract (as of the annuity starting date) bears to the expected return under the contract.

Section 72(c)(1) provides that, for purposes of § 72(b), the investment in the contract as of the annuity starting date is (A) the aggregate amount of premiums or other consideration paid for the contract, minus (B) the aggregate amount received under the contract before the annuity starting date to the extent that the amount was excludible from gross income. Section 72(c)(4) provides that, for purposes of § 72, the annuity starting date in the case of any contract is the first day of the first period for which an amount is received as an annuity under the contract.

Section 72(d) provides that, in the case of any amount received as an annuity under a qualified employer retirement plan described in § 72(d)(1)(G) (which includes a plan described in § 401(a)), the investment in the contract is recovered under the simplified method of § 72(d)(1). Under this method, gross income excludes the portion of a monthly annuity that does not exceed the amount obtained by dividing (1) the investment in the contract (as of the annuity starting date) by (2) the number of anticipated payments determined under the table in § 72(d)(1)(B)(iii).

Section 72(e), which was amended as part of the Tax Reform Act of 1986, P.L. 99–514 (“TRA ‘86”), provides rules that apply to any amount which is received under an annuity, endowment, or life insurance contract and is not received as an annuity. Section 72(e)(2)(B) provides that if an amount to which § 72(e) applies is received before the annuity starting date, then it is included in gross income to the extent allocable to income on the contract and is excluded from gross income to the extent allocable to the investment in the contract.

Section 72(e)(8) provides special rules for amounts not received as an annuity from a trust or contract described in

§ 72(e)(5)(D) (which includes a qualified retirement plan described in § 401(a)). Under § 72(e)(8)(B) and (C), the amount allocated to the investment in the contract is the portion of the distribution which bears the same ratio to the amount of the distribution as the investment in the contract bears to the vested account balance. Section 72(e)(8)(B) provides that this determination is made at the time of the distribution or at a time prescribed by the Secretary.

The Report of the Senate Finance Committee for TRA ‘86 (S. Rep. No. 99–313, 99<sup>th</sup> Cong., 2d Sess. 610 (1986)) describing the amendment to § 72(e)(8) states:

The bill modifies the basis recovery rules for pre-annuity starting date distributions to provide for the pro rata recovery of employee contributions. Thus, with respect to a pre-annuity starting date distribution, a participant is entitled to exclude that portion of the payment that bears the same ratio to the total payment as the participant’s after-tax employee contributions (and amounts treated as after-tax employee contributions) bears to the total value of the participant’s accrued benefit (or account balance) under the plan as of the date of distribution or as of such other time as the Secretary may prescribe. The Secretary is authorized to prescribe appropriate rules for estimating the amounts referred to in the prior sentence if precise calculations would be unjustifiably burdensome.

The Conference Committee Report for TRA ‘86 states that, with respect to the basis recovery rules for pre-annuity starting date distributions, the “conference agreement generally follows the Senate amendment.” H.R. Rep. No. 99–84 (Conf. Report), 99<sup>th</sup> Cong. 2d Sess. II–462 (1986).

Section 401(a)(11)(A) provides, in general, that in the case of any plan to which the paragraph applies, a trust forming part of such plan shall not constitute a qualified trust unless (i) in the case of a vested participant who does not die before the annuity starting date, the accrued benefit payable to such participant is provided in the form of a qualified joint and survivor annuity, and (ii) in the case of a vested participant who dies before the annuity starting date and who has a surviving spouse, a qualified preretirement annuity

<sup>1</sup>For purposes of this notice, the Civil Service Retirement System in chapter 83 of title 5, United States Code, and the Basic Benefit Plan of the Federal Employees’ Retirement System, in subchapters I, II, and VI of chapter 84 of title 5, United States Code, are treated as qualified defined benefit plans.

is provided to the surviving spouse of such participant.

The flush language following § 401(a)(37) provides, however, that § 401(a)(11) applies only in the case of a plan to which § 411 applies. Section 411(e) provides that § 411 generally does not apply to certain plans, including governmental and church plans.

Section 1.72-2(b)(2) provides in general that amounts subject to § 72 are considered “amounts received as an annuity” only if (i) the amounts are received on or after the annuity starting date,<sup>2</sup> as defined in § 1.72-4(b), (ii) the amounts are payable in periodic installments at regular intervals over a period of more than one full year from the annuity starting date, and (iii) subject to certain exceptions, the total of the amounts payable are determinable at the annuity starting date either directly from the terms of the contract or indirectly by the use of either mortality tables or compound interest computations, or both, in conjunction with the terms of the contract and in accordance with sound actuarial theory.

Section 1.72-4(b)(1) provides that the term “annuity starting date” is generally the first day of the first period for which the first periodic payment is made under an annuity contract, provided that obligations under the contract have been fixed as of that date.

Q&A-11 of Notice 87-13, 1987-1 C.B. 432, provides that, with respect to distributions from a defined benefit plan before the annuity starting date, the present value of the vested portion of the total accrued benefit of a participant under the plan (calculated using the plan’s factors if the plan provides for a total distribution in the form of a lump sum, and, in other cases, using the factors specified under § 20.2031-7) is to be treated as the value of the vested portion of the account balance for purposes of § 72(e)(8)(B).

Section 7520, added to the Code by the Technical and Miscellaneous Revenue Act of 1988, P.L. 100-647, provides that the value of an annuity shall be deter-

mined under tables prescribed by the Secretary and by using an interest rate equal to 120 percent of the Federal midterm rate. While the tables under § 20.2031-7 have been revised to take into account the enactment of § 7520, § 7520(b) provides that § 7520 does not apply for purposes of part I of subchapter D of chapter 1 (including § 402). Further, § 1.7520-3(a) provides that § 7520 does not apply to § 72 unless otherwise provided in the regulations under § 72.

### III. TREATMENT OF PHASED RETIREMENT PAYMENTS UNDER SECTION 72

#### *A. When payments received by phased retiree during phased retirement are treated as amounts not received as an annuity*

Depending on a qualified plan’s terms, the plan’s obligations to an employee receiving phased retirement payments might not be fixed within the meaning of § 1.72-4(b)(1) during the employee’s continued part-time employment. For example, if the terms of the phased retirement program do not fix the employee’s date of full retirement, the plan will not, during the period of part-time employment, be able to determine its total retirement obligations to the employee. An employee’s date of full retirement is not fixed if the date can change, for example, due to a unilateral decision of the employee to commence full retirement sooner or pursuant to an agreement between the employer and employee to change the full retirement date. Also, an employee might accrue additional plan benefits during the period of phased retirement that affect the amounts payable to the employee at full retirement. Further, the plan might allow an employee to elect a distribution option at the time of full retirement that could also alter the plan’s obligations to the employee. Lastly, a qualified retirement plan might be amended to modify the benefit formula with respect to benefits that are not yet accrued during the period of part-time employment.

Accordingly, payments received by an employee from a qualified retirement plan during phased retirement are not received as an annuity for purposes of § 72 if all the following conditions apply:

1. The employee begins to receive a portion of his or her retirement benefits when he or she enters phased retirement and begins part-time employment, and will not begin receiving his or her entire plan benefits until he or she ceases employment and commences full retirement at an indeterminate future time (for this purpose, even if a full retirement date is agreed upon at commencement of phased retirement, the employee’s date of full retirement is indeterminate as long as it is possible that date could change);
2. The plan’s obligations to the employee are based in part on the employee’s continued part-time employment (which affects both the duration of the payment of phased retirement benefits and the amount of additional retirement benefits the employee accrues during that period of part-time employment); and
3. Under the plan terms, the employee does not have an election as to the form of the phased retirement benefit to be paid during phased retirement, but elects a distribution option at full retirement that applies to the employee’s entire retirement benefit, including the portion that commenced as phased retirement benefits.

#### *B. Present value factors for purposes of calculating phased retiree’s accrued benefit under § 72(e)(8)*

To the extent the phased retirement payments received from a qualified defined benefit plan during the period of part-time employment are amounts not received as an annuity, the rules of § 72(e)(8) apply. Under these rules, the amount excludible from an employee’s gross income is a portion of each payment, determined by multiplying the amount of the payment by the ratio of the employee’s investment in the contract

<sup>2</sup>Flush language in § 1.72-2(b)(2) provides that this provision of § 1.72-2(b)(2) is disregarded for purposes of determining whether amounts subject to § 72(d) and § 1.72-13 are amounts received as an annuity, but this regulation was not modified to reflect an amendment to the Code that was made after the regulation was issued. The flush language was included in the regulation when it was issued in 1956. T.D. 6211, 21 FR 8853. At that time, § 72(d) (and § 1.72-13) applied a special three year rule for the recovery of basis from amounts received as an annuity by an employee. This special rule was repealed by TRA ’86, and the § 72(d) subsection was later used for a new rule by the Small Business Job Protection Act of 1996, P.L. 104-188. Accordingly, the flush language of § 1.72-2(b)(2) no longer reflects the current statute.

(that is, the employee's basis) to the total value of the employee's accrued benefit (this ratio is referred to in this notice as the basis recovery fraction). If a plan has present value factors that are used for purposes of calculating lump sum distributions (including partial lump sum distributions), those factors (rather than the factors specified in § 20.2031-7) are to be used in calculating the value of the accrued benefit for purposes of determining the excludible portion of a payment.

#### *C. Time for determining basis recovery fraction under § 72(e)(8)*

In order to determine the amount allocated to basis under § 72(e)(8) and excludible from each phased retirement benefit payment, the basis recovery fraction determined in accordance with Section III.B. of this notice must be applied to each payment. Generally, the basis recovery fraction is determined as of the date of the payment to which it is applied, but the incremental changes to the basis recovery fraction resulting from any after-tax contributions made during the period of continued part-time employment and changes in the present value of accrued benefits during this period typically would have no more than a minimal effect on the amount excludible from the employee's phased retirement payments. Therefore, the Treasury Department and the Internal Revenue Service have determined that requiring the repeated recalculation of the basis recovery fraction for each such payment would be unjustifiably burdensome.

Pursuant to the authority provided by § 72(e)(8)(B), the basis recovery fraction with respect to a phased retirement payment need not be redetermined as the employee makes additional after-tax contributions and the present value of the accrued benefit changes during the period of part-time employment. Instead, the basis recovery fraction applicable to a series of phased retirement payments is permitted to be fixed at the time those payments commence. When an employee commences full retirement, the employee's investment in the contract as of the annuity starting date will take into account the investment in the contract recovered during the period of part-time employment and any additional employee contributions made during that period.

#### IV. EXAMPLE OF BASIS RECOVERY CALCULATIONS FOR PHASED RETIREMENT AND FULL RETIREMENT PAYMENTS

Employer X maintains Plan A, a defined benefit plan providing for after-tax employee contributions that is qualified under § 401(a). Plan A is a qualified governmental plan under § 414(d), and accordingly, is not subject to the rules of § 401(a)(11).

Employer X maintains a phased retirement program under Plan A. Under this program, an employee of Employer X who participates in Plan A and is eligible for immediate retirement under that plan may elect to continue employment with Employer X on a part-time basis, while beginning to receive a portion of his or her retirement benefits. An employee who enters phased retirement under this program continues to earn additional retirement benefits and make after-tax contributions based upon the employee's continuing part-time employment.

Under the phased retirement program, Employer X and an employee participating in the program may agree that the employee's part-time employment will continue for a specified period of time. However, Employer X and the employee may agree at any time to change that period of part-time employment.

The Plan A benefit payments paid to an employee, who is a phased retiree under the phased retirement program, during the period of part-time employment (the "phased retirement benefit") will be the product of (a) the amount that would have been paid to the employee if he or she had fully retired at the time part-time employment and phased retirement commenced and elected a single life annuity, and (b) the employee's phased retirement percentage. An employee's phased retirement percentage is the percentage of his or her full-time schedule the employee is not scheduled to work during this phased retirement period. Plan A requires that the phased retirement benefit be paid in the form of a single life annuity with no election to receive the benefit in any other form (which is permitted because Plan A is a governmental plan that is not subject to § 401(a)(11)).

When a part-time employee who has elected phased retirement terminates employment and fully retires, the phased retirement benefits cease, and the employee begins to receive a total retirement annuity. This total retirement annuity is equal to the monthly benefit paid during the phased retirement period of part-time employment, increased by any applicable cost-of-living adjustments, plus an additional amount. The additional amount is equal to the product of (a) the monthly amount that would have been payable under Plan A at the time of full retirement if the employee had not elected phased retirement (that is, as if the employee had continued to be employed under his or her full-time schedule), and (b) the employee's working percentage (which is, one minus the employee's phased retirement percentage). The employee may elect to receive the total retirement annuity in the form of a joint and survivor annuity.

Employee M participates in Plan A and is fully vested in his benefits. In Year 1 Employee M elected to begin part-time employment and phased retirement under Employer X's phased retirement program and to work 40 percent of his full-time schedule. Accordingly, Employee M had a working percentage of 40 percent and a phased retirement percentage of 60 percent. If Employee M had fully retired at the time he began part-time employment, he would have been entitled to a single life annuity under Plan A of \$2,000 per month. Employee M received his first monthly payment under the phased retirement program in April of Year 1, at age 63. During his part-time employment in Year 1, Employee M received payments from Plan A of \$1,200 per month (\$2,000 X 60 percent). These payments were annually increased with a cost-of-living adjustment, resulting in a monthly payment of \$1,225 in Year 2 and a monthly payment of \$1,250 in Year 3 until Employee M fully retires with payments of his total retirement annuity beginning in April of Year 3. Employee M receives his final monthly payment from Plan A under the phased retirement program in March of Year 3.

At the time of his full retirement at age 65, Employee M would have been entitled to a single life annuity from Plan A of \$2,400 per month if he had not elected



phased retirement. At full retirement, Employee M's total retirement annuity payable from Plan A as a single life annuity is \$2,210 per month, equal to the sum of \$1,250 and \$960 (\$2,400 X 40 percent). At the time of full retirement, Employee M elects a joint and survivor benefit based on the total retirement annuity of \$2,210 per month. The survivor annuity is payable to Employee M's spouse, who is age 60 at the time of Employee M's full retirement.

At the time Employee M elected to commence phased retirement and to begin part-time employment under Employer X's phased retirement program, he had made after-tax contributions to Plan A of \$50,000. During the period of part-time employment, Employee M made an additional \$5,000 in after-tax contributions to Plan A.

Plan A does not pay total distributions in the form of a lump sum, but pays partial lump sum distributions to participants in certain circumstances. At the time Employee M commenced part-time employment in order to commence receiving benefits under the phased retirement program, the present value factor used under Plan A to determine a single sum equivalent of an immediate annuity for an employee at age 63 was \$180 for each dollar of monthly annuity.

Based on the present value factors under Plan A, the present value of Employee M's benefit as of the time phased retirement benefits commenced under the plan and Employee M began part-time employment equaled \$360,000 (\$2,000 X 180). Accordingly, Employee M's basis recovery fraction is 13.9 percent, determined by dividing \$50,000 (the total of after-tax contributions as of that time) by \$360,000 (the present value of Employee M's accrued benefit). This basis recovery frac-

tion is applied to the first distribution to determine the amount includible in gross income.

In accordance with Section III.C of this Notice, at the time phased retirement benefits begin, the plan administrator of Plan A fixes an employee's basis recovery fraction that applies to all of the employee's phased retirement payments during the period of part-time employment. This means that 13.9 percent of each phased retirement payment is allocable to Employee M's investment in the contract and is therefore not includible in gross income.

Because Employee M commenced phased retirement in April of Year 1 and fully retires in April of Year 3, under the phased retirement program Employee M receives nine monthly payments of \$1,200 in Year 1, 12 monthly payments of \$1,225 in Year 2, and three monthly payments of \$1,250 in Year 3. Employee M therefore recovers basis under the phased retirement program of \$1,501.20 in Year 1 (13.9 percent X 9 X \$1,200), \$2,043.36 in Year 2 (13.9 percent X 12 X \$1,225), and \$521.25 in Year 3 (13.9 percent X 3 X \$1,250) for a total recovered basis from the phased retirement payments of \$4,065.81.

Under § 72(c)(1), with respect to payments at full retirement, Employee M's investment in the contract as of the annuity starting date takes into account the investment in the contract recovered during the period of part-time employment and any additional employee contributions made during that period. At the annuity starting date, Employee M has an investment in the contract of \$50,934.19 (\$50,000 plus \$5,000 in additional contributions minus \$4,065.81 in recovered basis). Because Employee M is receiving a joint and survivor annuity, the number of

anticipated payments is determined under the table applicable to annuities payable over the lives of more than one person set forth in § 72(d)(1)(B)(iv). Further, because the combined age of Employee M and the survivor annuitant is 125, the number of anticipated payments set forth in that section is 310. Accordingly, the portion of each monthly annuity payment allocable to investment in the contract is \$164.30 (\$50,934.19 divided by 310). This portion of each monthly payment to Employee M (or his beneficiary) during full retirement is excludible from income until the investment in the contract (\$50,934.19) is recovered.

## V. EFFECT ON OTHER DOCUMENTS

Notice 87-13 is modified.

## VI. EFFECTIVE DATE

This notice applies to taxable years beginning on or after January 1, 2016. Taxpayers may, however, elect to apply the notice to taxable years beginning before that date. This notice does not apply to amounts received from non-qualified contracts.

## VII. DRAFTING INFORMATION

The principal author of this notice is Robert M. Walsh of the Office of the Associate Chief Counsel (Tax Exempt and Government Entities). However, other personnel from the Treasury Department and the IRS participated in the development of this guidance. For further information regarding this notice, you may contact Mr. Walsh at 202-317-4102 (not a toll-free number).



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

## **Rev. Proc. 2016-34**

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**Part 1**  
**Introduction to Substitute Forms**

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**Section 1.1 – Overview of Revenue Procedure 2016–34**

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

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

**1.1.3 Scope** The IRS accepts quality substitute tax forms that are consistent with the official forms and have no adverse impact on our processing. The IRS Substitute Forms Unit administers the formal acceptance and processing of these forms nationwide. While this program deals with paper documents, it also reviews for approval other processing and filing forms such as those used in electronic filing.

Only those substitute forms that comply fully with these requirements are acceptable. This revenue procedure is updated as required to reflect pertinent tax year form changes and to meet processing and/or legislative requirements.

**1.1.4 Forms Covered by This Revenue Procedure** The following types of forms are covered by this revenue procedure:

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

**1.1.5 Forms Not Covered by This Revenue Procedure** The following types of forms are not covered by this revenue procedure.

- W–2 and W–3 (see Pub. 1141 for information on these forms).
- W–2c and W–3c (see Pub. 1223 for information on these forms).
- 941, Schedule B (Form 941), Schedule D (Form 941), and Schedule R (Form 941) (see Pub. 4436 for information on these forms).
- 1096, 1097–BTC, 1098 series, 1099 series, 3921, 3922, 5498 series, W–2G, 1042–S (see Pub. 1179 for information on these forms).
- 1095–A, 1094–B, 1095–B, 1094–C, and 1095–C (see Pub. 5223 for information on these forms).
- 8027 (see Pub. 1239 for information on this form).
- Forms 1040–ES (OCR) and 1041–ES (OCR), which may not be reproduced.
- Forms 5500 (for more information on these forms, see the Department of Labor website at [www.efast.dol.gov](http://www.efast.dol.gov)).
- Forms 5300, 5307, 8717, and 8905, bar-coded forms requiring separate approval.
- Forms used internally by the IRS.
- State tax forms.
- Forms developed outside the IRS.

**1.1.6  
Other Information Not  
Covered by This Revenue  
Procedure**

The following information is not covered by this revenue procedure.

- Requests for information or documentation initiated by the IRS.
- General Instructions and Specific Instructions (these are not reviewed by the Substitute Forms Program Unit).

**Section 1.2 – IRS Contacts**

**1.2.1  
Where To Send  
Substitute Forms**

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

Form	Office and Address
<p>5500</p> <p>5300, 5307, 8717, and 8905</p> <p>Software developer vouchers (see <i>Sections 2.3.7 – 2.3.9</i>)</p> <p>Software developers and form producers must mail Forms 1094–B, 1095–B, 1094–C, and 1095–C for testing (for more information, see Pub. 5223)</p> <p>All others covered by this publication (see <i>section 1.1.4</i>, earlier).</p>	<p>Check EFAST2 information at the Department of Labor’s website at <a href="http://www.efast.dol.gov">www.efast.dol.gov</a></p> <p><i>Sandra.K.Barnes&amp;commat;irs.gov</i></p> <p>Internal Revenue Service Attn: Doris Bethea 5000 Ellin Road, C5–226 Lanham, MD 20706 <i>Doris.E.Bethea&amp;commat;irs.gov</i> <i>scrips@irs.gov</i></p> <p>Internal Revenue Service Attn: Substitute Forms Program SE:W:CAR:MP:P:TP 5000 Ellin Road, C6–440 Lanham, MD 20706 <i>substituteforms@irs.gov</i></p>

For questions about:

- Forms W–2 and W–3, refer to Pub. 1141, General Rules and Specifications for Substitute Forms W–2 and W–3.
- Forms W–2c and W–3c, refer to Pub. 1223, General Rules and Specifications for Substitute Forms W–2c and W–3c.
- Form 941 and Schedules B, D, and R, refer to Pub. 4436, General Rules and Specifications for Substitute Form 941, Schedule B (Form 941), Schedule D (Form 941), and Schedule R (Form 941).
- Forms 1096, 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, and 1042–S, refer to Pub. 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns.
- For Forms 1095–A, 1094–B, 1095–B, 1094–C, and 1095–C, refer to Pub. 5223, General Rules & Specifications for Affordable Care Act Substitute Forms 1095–A, 1094–B, 1095–B, 1094–C, and 1095–C.
- Form 8027, refer to Pub. 1239, Specifications for Filing Form 8027, Employer’s Annual Information Return of Tip Income and Allocated Tips, Electronically.

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## Section 1.3 – What’s New

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### 1.3.1 What’s New

The following changes have been made to this year’s revenue procedure.

- **.01 Editorial Changes.** We made editorial changes throughout and redundancies were eliminated as much as possible.
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## Section 1.4 – Definitions

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### 1.4.1 Substitute Form

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

### 1.4.2 Printed/ Preprinted Form

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

### 1.4.3 Preprinted Pin- Fed Form

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

### 1.4.4 Computer Prepared Substitute Form

A preprinted form in which the taxpayer’s tax entry information has been inserted by a computer, computer printer, or other computer-type equipment.

### 1.4.5 Computer Generated Substitute Tax Return or Form

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

### 1.4.6 Manually Prepared Form

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

### 1.4.7 Graphics

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

### 1.4.8 Acceptable Reproduced Form

A legible photocopy or an exact replica of an original form.

### 1.4.9 Supporting Statement (Supplemental Schedule)

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

**Note.** A supporting statement is not a tax form and does not take the place of an official form.

### 1.4.10 Specific Form Terms

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

### 1.4.11 Format

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

- 1.4.12 Sequence** Sequence is an integral part of the total format requirement. The substitute form should show the same numeric and logical placement order of data, as shown on the official form.
- 1.4.13 Line Reference** The line numbers, letters, or alphanumerics used to identify each captioned line on an official form. These line references are printed to the immediate left of each caption and/or data entry field.
- 1.4.14 Item Caption** The text on each line of a form, which identifies the data required.
- 1.4.15 Data Entry Field** Designated areas for the entry of data such as dollar amounts, quantities, responses, and checkboxes.
- 1.4.16 Advance Draft** A draft version of a new or revised form may be posted to the IRS website ([www.irs.gov/ap/picklist/list/draftTaxForms.html](http://www.irs.gov/ap/picklist/list/draftTaxForms.html)) for information purposes. Substitute forms may be submitted based on these advance drafts, but any submitter that receives forms approval based on these early drafts is responsible for monitoring and revising forms to mirror any revisions in the final forms provided by the IRS.
- 1.4.17 Approval** Generally, approval could be in writing or assumed after 20 business days from our receipt for forms that have not been substantially changed by the IRS. This does not apply to newly created or substantially revised IRS forms. However, the Substitute Forms Unit reserves the right to notify vendors of any inaccuracies even after 20 business days have lapsed.

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## Section 1.5 – Agreement

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- 1.5.1 Important Stipulation of This Revenue Procedure** Any person or company who uses substitute forms and makes all or part of the changes specified in this revenue procedure agrees to the following stipulations.
- The IRS presumes that any required changes are made in accordance with these procedures and will not be disruptive to the processing of the tax return.
  - Should any of the changes be disruptive to the IRS’s processing of the tax return, the person or company agrees to accept the determination of the IRS as to whether the form may continue to be filed.
  - The person or company agrees to work with the IRS in correcting noted deficiencies. Notification of deficiencies may be made by any combination of letter, email, or phone contact and may include the request for the re-submission of unacceptable forms.
- 1.5.2 Response Policy and Stipulations** The Substitute Forms Unit (the Unit) will email confirmation of receipt of your forms submission, if possible. Even if you do not receive emailed confirmation of receipt, you will receive an emailed “submission receipt,” which will provide feedback on your submission. If the Unit anticipates problems in completing the review of your submission within the 20 business day period, the Unit will send an interim email notifying you of the extended period for review.

Once the substitute forms have been approved by the Substitute Forms Unit, you can release them after the final versions of the forms have been issued by the IRS. Before releasing the forms, you are responsible for updating forms approved as draft and for making form changes we requested.

The policy has the following stipulations.



- This 20-day policy applies to electronic submissions only. It does not apply to substitute submissions mailed to the unit.
- The policy applies to submissions of 15 (optimal) or fewer items and submissions containing 75 pages or less. Submissions of more than 15 items may require additional review time.
- If you send a large number of submissions within a short period of time, processing may be delayed.
- Delays in processing could occur if the Unit finds significant errors in your submission or has experienced an increase in submissions. The Unit will send you an interim email in this case.
- Any anticipated problems in processing your submission within the 20-day period will generate an interim email on or about the 15th business day.
- If any significant inaccuracies are discovered after the 20-day period, the Unit reserves the right to inform you and will require that changes be made to correct the inaccuracies.
- The policy does not apply to substantially revised forms or to new forms created by the IRS for which you have already made an initial submission.

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## Part 2

### General Guidelines for Submissions and Approvals

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#### Section 2.1 – General Specifications for Approval

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##### 2.1.1 Overview

If you produce any substitute tax forms that fully comply or follow the changes specifically outlined by the Substitute Forms Unit, then you can generate your own substitute forms without further approval. If your changes are more extensive, you must get IRS approval before using substitute forms. More extensive changes include the use of a different typeface, font size, data entry font size and type layout, and the condensing of line item descriptions to save space.

**Note.** The 20-day turnaround policy may not apply to extensive changes.

##### 2.1.2 Email Submissions

The Substitute Forms Program accepts submissions of substitute forms for review and approval via email. The email address is *substituteforms@irs.gov*. Please include the term “PDF Submissions” on the subject line.

Follow these guidelines.

- Your submission should include all the forms you wish to submit in one attached PDF file. **Do not email each form individually. Do not attach each individual form to an email.**
- The emailed submission should include a maximum of 3 PDFs to include: a check sheet, a cover letter or accompanying statement, and a single PDF that includes all of the forms listed on your check sheet, cover letter, or accompanying statement.
- A submission should contain a maximum of 15 forms.
- An approval check sheet listing the forms you are submitting should always be included in the PDF file along with the forms. Excluding the check sheet can slow the reviewing process down, which can result in a delayed response to your submission. See a sample check sheet in *Exhibit F*.
- Optimize PDF files before submitting.
- The maximum allowable email attachment is 2.5 megabytes. The Substitute Forms Unit accepts zip files.
- To alleviate delays during the peak time of September through December, submit advance draft forms as early as possible.

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

Emailing PDF submissions will not expedite review and approval. Submitting your substitute forms package via email is the preferred and suggested method for submitting forms for review. If, for some reason, you are not able to email your submission(s), you can mail your submission(s) to:

Internal Revenue Service  
Attn: Substitute Forms Program  
SE:W:CAR:MP:P:TP  
5000 Ellin Road, C6-440  
Lanham, MD 20706

### **2.1.3 Expediting the Process**

Follow these basic guidelines for expediting the process:

- Always include a check sheet for the Substitute Forms Unit's response.
- Include an accompanying statement identifying most, if not all, of the deviations your substitute forms may include which the official IRS version of the form does not.
- Follow the guidance in this publication for general substitute form guidelines. Follow the guidance in specialized publications produced by the Substitute Forms Unit for other specific forms.
- To spread out the workload, send in draft versions of substitute forms when they are posted. **Note.** Be sure to make any changes to approved drafts before releasing final versions.

### **2.1.4 Schedules**

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

### **2.1.5 Examples of Schedules That Must Be Submitted with the Return**

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

### **2.1.6 Examples of Schedules That Can Be Submitted Separately**

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

### **2.1.7 Use and Distribution of Unapproved Forms**

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

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## **Section 2.2 – Highlights of Permitted Changes and Requirements**

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### **2.2.1 Methods of Reproducing Internal Revenue Service Forms**

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

- You can photocopy most tax forms and use them instead of the official ones. The entire substitute form, including entries, must be legible.
- You can reproduce any current tax form as cut sheets, snap sets, and marginally punched, pin-fed forms as long as you use an official IRS version as the master copy.
- You can reproduce a form that requires a signature as a valid substitute form. Many tax forms (including returns) have a taxpayer signature requirement as part of the form layout. The jurat/perjury statement/signature line areas must be retained and worded exactly as on the official

form. The requirement for a signature, by itself, does not prohibit a tax form from being properly computer generated.

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## Section 2.3 – Vouchers

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### 2.3.1 Overview

All payment vouchers (Forms 940-V, 941-V, 943-V, 945-V, 1040-ES, 1040-V, 1041-V, and 2290-V) must be reproduced in conjunction with their forms. Substitute vouchers must be the same size as the officially printed vouchers. Vouchers that are prepared for printing on a laser printer may include a scan line.

### 2.3.2 Scan Line Specifications

	NNNNNNNNN	AA	XXXX	NN	N	NNNNNN	NNN
<i>Item:</i>	A	B	C	D	E	F	G
A.	Social Security Number/Employer Identification Number (SSN/EIN) has 9 numeric (N) spaces.						
B.	Check Digits have 2 alpha (A) spaces.						
C.	Name Control has 4 alphanumeric (X) spaces.						
D.	Master File Tax (MFT) Code has 2 numeric (N) spaces (see below).						
E.	Taxpayer Identification Number (TIN) Type has 1 numeric (N) space (see below).						
F.	Tax Period has 6 numeric (N) spaces in year/month format (YYYYMM).						
G.	Transaction Code has 3 numeric (N) spaces.						

### 2.3.3 MFT Code

Code Number for Forms:

- 1040 (family) – 30,
- 940 – 10,
- 941 – 01,
- 943 – 11,
- 944 – 14,
- 945 – 16,
- 1041-V – 05,
- 2290 – 60, and
- 4868 – 30.

### 2.3.4 TIN Type

Type Number for:

- Form 1040 (family), 4868 – 0, and
- Forms 940, 941, 943, 944, 945, 1041-V, and 2290 – 2.

### 2.3.5 Voucher Size

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

**2.3.6  
Print and Paper Weight**

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

**2.3.7  
Specifications for Software Developers**

Certain vouchers may be reproduced for use in the IRS lockbox system. These include the 1040-V, 1040-ES, 1041-V, the 940 family, and 2290 vouchers. Software developers must follow these specific guidelines to produce scannable vouchers strictly for lockbox purposes. Also see *Exhibit E*:

- The total depth must be 3.25 inches.
- The scan line must be .5 inches from the bottom edge and 1.75 inches from the left edge of the voucher and left-justified.
- Software developers vouchers must be 8.5 inches wide (instead of 8 inches with a cut line). Therefore, no vertical cut line is required. Scan line positioning must be exact.
- Do not use the over-the-counter format voucher and add the scan line to it.
- All scanned data must be in 12-point OCR A font.
- The 4-digit NACTP ID code or source should be placed under the payment indicator arrow.
- Windowed envelopes must not display the scan line in order to avoid disclosure and privacy issues.

**Note.** All software developers must ensure that their software uses OCR A font so taxpayers will be able to print the vouchers in the correct font.

**2.3.8  
Specific Line Positions**

Follow these line specifications for entering taxpayer data in the lockbox vouchers.

	<b>Start Row</b>	<b>Start Column</b>	<b>Width</b>	<b>End Column</b>
Line Specification for Taxpayer Data:				
Taxpayer Name	56	6	36	41
Taxpayer Address, Apt.	57	6	36	41
Taxpayer City, State, ZIP	58	6	36	41
Foreign Country Name	59	6	36	41
Foreign Province/ Country	60	6	17	22
Foreign Postal Code	60	26	16	41
Line Specifications for Mail To Data:				
Mail Name	56	43	38	80
Mail Address	57	43	38	80
Mail City, State, ZIP	58	43	38	80
Line Specifications for:				
Scan Line	63	26	n/a	n/a

**2.3.9  
How to Get Approval**

To receive approval, please send in 25 voucher samples yearly for each form type or scenarios, by December 9, 2017, for testing to the following address.

Internal Revenue Service  
Attn: Doris Bethea, C5-226  
5000 Ellin Road  
Lanham, MD 20706

For further information, contact Doris Bethea, [Doris.E.Bethea@irs.gov](mailto:Doris.E.Bethea@irs.gov), at 240-613-5922.

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## Section 2.4 – Restrictions on Changes

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

You cannot, without prior IRS approval, change any IRS tax form or use your own (non-approved) versions including graphics, unless specifically permitted by this revenue procedure. See *Sections 2.5.7 to 2.5.11*.

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

You cannot re-arrange or re-distribute data entry fields, and/or allow data entry fields to flow from one page onto the next (i.e., each page of a substitute form must contain the exact number of data entry fields as there are on the official IRS form). The order and flow of information on the substitute form must be identical to the IRS version of the form. Some reproduced substitute recipient statements can be in different formation, provided that the information required by the regulations is supplied to the recipient. Publications for specific substitute forms will state these allowances.

**Note.** The 20-day turnaround policy may not apply to extensive changes.

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## Section 2.5 – Guidelines for Obtaining IRS Approval

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### 2.5.1 Basic Requirements

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

### 2.5.2 Conditional Approval Based on Advanced Drafts

The IRS cannot grant final approval of your substitute form until the official form has been published. However, the IRS posts advance draft forms on its website at: [www.irs.gov/app/picklist/list/draftTaxForms.html](http://www.irs.gov/app/picklist/list/draftTaxForms.html).

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

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

### 2.5.3 Submission Procedures

Follow these general guidelines when submitting substitute forms for approval.

- Any alteration of forms must be within the limits acceptable to the IRS. It is possible that, from one filing period to another, a change in law or a change in internal need (processing, audit, compliance, etc.) may change the allowable limits for the alteration of the official form.
- When approval of any substitute form (other than those exceptions specified in *Part 1, Section 1.2 – IRS Contacts*) is requested, a sample of the proposed substitute form should be emailed for consideration to the Substitute Forms Unit at the address shown in *Section 1.2.1*.



- Schedules and forms (for example, Forms 3468, 4136, etc.) that can be used with more than one type of return (for example, 1040, 1041, 1120, etc.) should be submitted only once for approval, without regard to the number of different tax returns with which they may be associated. Also, all pages of multi-page forms or returns should be submitted in the same package.

#### **2.5.4 Approving Offices**

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

#### **2.5.5 IRS Review of Software Programs, etc.**

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

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

If the software used is programmed to produce copies with populated fields only, then you must use dummy information. This will allow the Unit to review and provide feedback or approval. Vendors should use “0” for all number values and “X” for any information that requires alpha characters.

#### **2.5.6 When To Send Proposed Substitutes**

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

#### **2.5.7 Accompanying Statement**

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

When requesting approval, please include a check sheet. Check sheets expedite the approval process. The check sheet may look like the example in *Exhibit F* displayed in the back of this procedure or may be one of your own design. Please include your email address on the check sheet. If the Unit will need to fax the check sheet, the number will be requested at that time.

#### **2.5.8 Approval/Non- Approval Notice**

The Substitute Forms Unit will email the check sheet or an approval letter to the originator, unless:

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

Notice of approval may impose qualifications before using the substitutes. Notices of unapproved forms may specify the changes required for approval and require re-submission of the form(s) in question. When appropriate, you will be contacted by telephone.

### 2.5.9 Duration of Approval

Most signature tax returns and many of their schedules and related forms have the tax (liability) year printed in the upper right corner. Approvals for these annual forms are usually good for one calendar year (January through December of the year of filing). Quarterly tax forms in the 94X series and Form 720 require approval for any quarter in which the form has been revised.

Because changes are usually made to an annual form every year, each new filing season generally requires a new submission of a substitute form. Very rarely is updating the preprinted year the only change made to an annual form. However, if no significant content, formatting, or layout changes were made to a tax form, then review and approval received for the prior tax year can be carried over into the current tax year.

### 2.5.10 Limited Continued Use of an Approved Change

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

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

### 2.5.11 When Approval Is Not Required

If you received approval for a specific change on a form last year, you may make the same change this year if the item is still present on the official form:

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

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

### 2.5.12 Continuous-Use Forms

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

### 2.5.13 Required Copies

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

## 2.5.14 Requestor's Responsibility

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

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

## 2.5.15 Source Code

The Substitute Forms Unit will assign a unique source code to each firm that submits substitute paper forms for approval. This source code will be a permanent identifier that must be used on every submission by a particular firm.

The source code consists of three alpha characters and should generally be printed under or to the left of the "Paperwork Reduction Act" statement. Vendors must ensure that the source code is not printed too close to or within the left or bottom ½ inch margin to avoid the source code from being cut off during printing.

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

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### 2.6.1 OMB Requirements for All Substitute Forms

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

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

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

### 2.6.2 Application of the Paperwork Reduction Act

On forms that have been assigned OMB numbers:

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

### 2.6.3 Required Explanation to Users

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

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

**Note.** If no IRS instructions are provided to users of your forms, the exact text of the Paperwork Reduction Act Notice (or Disclosure, Privacy Act, and Paperwork Reduction Act Notice) must be furnished separately or on the form.

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

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

**Part 3**  
**Physical Aspects and Requirements**

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**Section 3.1 – General Guidelines for Substitute Forms**

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**3.1.1  
General Information**

The official form is the standard. Because a substitute form is a variation from the official form, you should know the requirements of the official form for the year of use before you modify it to meet your needs. To obtain the most frequently used tax forms, visit [www.irs.gov/orderforms](http://www.irs.gov/orderforms).

**3.1.2  
Design**

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

**3.1.3  
State Tax Information  
Prohibited**

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

**3.1.4  
Vertical Alignment of  
Amount Fields**

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

**3.1.5  
Attachment Sequence  
Number**

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

The following applies to computer-prepared forms.

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

**3.1.6  
Assembly of Forms**

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

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

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

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

### 3.1.7 Paid Preparer's Information and Signature Area

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

### 3.1.8 Some Common Reasons for Requiring Changes to Substitute Forms

Some reasons that substitute form submissions may require changes include the following.

- Failing to preprint certain amounts in entry spaces.
- Shading areas incorrectly.
- Failing to include a reference to the location of the Paperwork Reduction Act Notice.
- Not including parentheses for losses.
- Not including "Attach Statement" when appropriate.
- Including line references or entry spaces that do not match the official form.
- Printing text that is different from the official form.
- Altering the jurat (perjury statement).

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## Section 3.2 – Paper

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### 3.2.1 Paper Content

The paper must be:

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

### 3.2.2 Paper with Chemical Transfer Properties

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

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

### 3.2.3 Example

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



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

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

**3.2.4  
Paper and Ink Color**

It is preferred that the color and opacity of paper substantially duplicates that of the original form. This means that your substitute must be printed in black ink and may be on white or on the colored paper the IRS form is printed on. Forms 1040A and 1040 substitute reproductions may be in black ink without the colored shading. The only exception to this rule is Form 1041–ES, which should be printed with a PMS 100 yellow shading in the color screened area. This is necessary to assist us in expeditiously separating this form from the very similar Form 1040–ES.

**3.2.5  
Page Size**

Substitute or reproduced forms and computer-prepared/-generated substitutes may be the same size as the official form or they may be the standard commercial size (8 ½" x 11"). The thickness of the stock cannot be less than .003 inches.

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**Section 3.3 – Printing**

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**3.3.1  
Printing Medium**

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

**3.3.2  
Legibility**

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

**3.3.3  
Type Font**

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

**3.3.4  
Print Spacing**

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

**3.3.5  
Image Size**

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

**3.3.6  
Title Area Changes**

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

**3.3.7  
Remove Government  
Printing Office Symbol and  
IRS Catalog Number**

When privately printing substitute tax forms, the Government Printing Office (GPO) symbol and/or jacket number must be removed. In the same place using the same type size, print the Employer Identification Number (EIN) of the printer or designer or the IRS assigned source code. (We prefer this last number be printed in the lower left area of the first page of each form.) Also,

remove the IRS Catalog Number (Cat. No.) and the recycle symbol if the substitute is not produced on recycled paper.

### **3.3.8 Printing on One Side of Paper**

Even though the IRS uses both sides of the paper for printing official paper forms or schedules, the IRS will accept your forms if only one side of the paper is used.

### **3.3.9 Photocopy Equipment**

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

### **3.3.10 Reproductions**

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

### **3.3.11 Removal of Instructions**

Generally, you may remove references to instructions. No prior approval is needed. However, in some instances, you may be requested to include references to instructions.

**Exception.** The words “For Paperwork Reduction Act Notice, see instructions” must be retained, or a similar statement indicating the location of the Notice, must be provided on each form.

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## **Section 3.4 – Margins**

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### **3.4.1 Margin Size**

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

- A ½-inch to ¼-inch margin must be maintained across the top, bottom, and both sides of all substitute forms.
- The marginal, perforated strips containing pin-fed holes must be removed from all forms prior to filing with the IRS.

### **3.4.2 Marginal Printing**

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

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

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## **Section 3.5 – Examples of Approved Formats**

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

Exhibits A–D, at the end of this revenue procedure, are examples of how these guidelines may be used. Vertical spacing is six (6) lines to the inch. A combination of upper-case and lower-case print font is acceptable in producing substitute forms.

The same logic may be applied to any IRS form that is normally reproducible as a substitute form, with the exception of the tax return forms as discussed elsewhere.

**Note.** These exhibits may be from a prior year and are not to be used as current substitute forms.

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## Section 3.6 – Miscellaneous Information for Substitute Forms

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### 3.6.1 Filing Substitute Forms

To be acceptable for filing, a substitute form must print out in a format that will allow the filer to follow the same instructions that accompany official forms. The form must be legible, must be on the appropriately sized paper, and must include a jurat (perjury statement) where one appears on the published form.

### 3.6.2 Caution to Software Publishers

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

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

### 3.6.3 Caution to Producers of Software Packages

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

### 3.6.4 Programming Print Forms

Whenever applicable:

- Use only the following label information format for single filers: JOHN Q. DOE 000 OAK DRIVE HOMETOWN, STATE 00000
- Use only the following information for joint filers: JOHN Q. DOE MARY Q. DOE 000 OAK DRIVE HOMETOWN, STATE 00000

## Part 4 Additional Resources

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## Section 4.1 – Guidance From Other Revenue Procedures

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### 4.1.1 General

The IRS publications listed below provide guidance for substitute tax forms not covered in this revenue procedure. These publications are available on the IRS website. Identify the requested document by the IRS publication number.

- Pub. 1141, General Rules and Specifications for Substitute Forms W-2 and W-3.
- Pub. 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns.
- Pub. 1223, General Rules and Specifications for Substitute Forms W-2c and W-3c.
- Pub. 4436, General Rules and Specifications for Substitute Form 941, Schedule B (Form 941), Schedule D (Form 941), and Schedule R (Form 941).
- Pub. 5223, General Rules and Specifications for Affordable Care Act Substitute Forms 1095-A, 1094-B, 1095-B, 1094-C, and 1095-C.

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## Section 4.2 – Electronic Tax Products

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### 4.2.1 The IRS Website

Copies of tax forms, their instructions, publications, fillable forms, and prior year forms and publications, may be found on the IRS website at [www.irs.gov/formspubs](http://www.irs.gov/formspubs).

Draft forms and instructions may be found at [www.irs.gov/draftforms](http://www.irs.gov/draftforms).

Other tax-related information may be found at [www.irs.gov](http://www.irs.gov).

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## 4.3 System Requirements and Ordering Forms and Instructions

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For system requirements, contact the National Technical Information Service (NTIS) at [www.ntis.gov](http://www.ntis.gov). Prices are subject to change.

You can order IRS forms and other tax material at IRS.gov. Click on the *Forms and Pubs* link and then the *Order Forms and Pubs* link.

### Part 5 Requirements for Specific Tax Returns

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

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### 5.1.1 Acceptable Forms

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

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

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

### 5.1.2 Prohibited Forms

The following are prohibited.

- Computer-generated tax forms (for example, Form 1040, etc.) on lined or color barred paper.
- Tax forms that differ from the official IRS forms in a manner that makes them non-standard or unable to process.

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

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

**5.1.4  
Other Changes Not Listed**

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

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

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**5.2.1  
Adjustments**

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

**5.2.2  
Name and Address Area**

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

**5.2.3  
Required Format**

When the name and address area is left blank, the following format must be used when printing the taxpayer's name and address.

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

**5.2.4  
Conventional Name and  
Address Data**

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

JOHN Q. DOE  
MARY Q. DOE  
000 ANYWHERE ST., APT. 000  
ANYTOWN, STATE 00000

**5.2.5  
Example of In-Care-Of  
Name Line**

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

JOHN Q. DOE  
C/O JOHN R. DOE  
0000 SOMEWHERE AVE.  
SAMETOWN, STATE 00000

**5.2.6  
SSN and Employer  
Identification Number  
(EIN) Area**

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



**5.2.7  
Cents Column**

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

When there is no entry for a line, leave the line blank.

**5.2.8  
“Paid Preparer’s Use  
Only” Area**

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

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**Section 5.3 – Changes Permitted to Form 1040A Graphics**

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**5.3.1  
General**

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

**5.3.2  
Line 4 of Form 1040A**

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

**5.3.3  
Other Lines**

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

**5.3.4  
Page 2 of Form 1040A**

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

**5.3.5  
Color Screening**

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

**5.3.6  
Other Changes Prohibited**

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

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**Section 5.4 – Changes Permitted to Form 1040 Graphics**

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**5.4.1  
General**

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

- 5.4.2  
Line 4 of Form 1040** This line may be compressed horizontally (to allow for a larger entry area for the name of the qualifying child) by using the following caption: “Head of household; child’s name” (name field).
- 5.4.3  
Line 6c of Form 1040** The vertical lines separating columns (1) through (4) may be removed. The captions may be shortened to allow a one-line caption for each column.
- 5.4.4  
Other Lines** Any other line with text that takes up two or more vertical lines may be compressed to one line by using contractions, etc., and by removing instructional references.
- 5.4.5 Line 21 – Other  
Income** The fill-in portion of this line may be expanded vertically to three lines. The amount entry box must remain a single entry.
- 5.4.6  
Line 44 of Form 1040 –  
Tax** You may change the line caption to read “Tax” and computer print the words “Total includes tax from” and either “Form(s) 8814” or “Form 4972” or “962 election.” If both forms are used, print both form numbers. This specific line number may have changed.
- 5.4.7  
Line 54 of Form 1040 –  
Other Credits** You may change the caption to read: “Other credits from Form” and computer print only the form(s) that apply.
- 5.4.8  
Color Screening** It is not necessary to duplicate the color screening used on the official form. A substitute Form 1040 may be printed in black and white only with no color screening.
- 5.4.9  
Other Changes Prohibited** No other changes to the Form 1040 graphics are permitted without prior approval except for the removal of instructions and references to instructions.

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**Part 6**  
**Format and Content of Substitute Returns**

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**Section 6.1 – Acceptable Formats for Substitute Forms and Schedules**

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- 6.1.1  
Exhibits and Use of Acceptable Formats** Exhibits of acceptable formats for Schedule A, usually attached to the Form 1040, and Form 2106–EZ are shown in the exhibits section of this revenue procedure.
- If your computer-generated forms appear exactly like the exhibits, no prior authorization is needed.
  - You may computer-generate forms not shown here, but you must design them by following the manner and style of those in the exhibits section.
  - Take care to observe other requirements and conditions in this revenue procedure. The IRS encourages the submission of all proposed forms covered by this revenue procedure.
- 6.1.2  
Instructions** The format of each substitute form or schedule must follow the format of the official form or schedule as to item captions, line references, line numbers, sequence, form arrangement and format, etc. Basically, try to make the form look like the official one, with readability and consistency being primary factors. You may use periods and/or other similar special characters to separate the various parts and sections of the form. Do not use alpha or numeric characters for these purposes. All line numbers and items must be printed even though an amount is not entered on the line.

**6.1.3  
Line Numbers**

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

In addition, the reference code that is immediately before the data field must either be followed by a period or enclosed in parentheses. There also must be at least two blank spaces between the period or the right parenthesis and the first digit of the data field. (See *Section 6.1.4.*)

**6.1.4  
Decimal Points**

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

**Example:**

5	STATE & LOCAL INC. TAXES	5.	000.00
6	REAL ESTATE TAXES	6.	
7	PERSONAL PROPERTY TAXES	7.	000.00
	or		
5	STATE & LOCAL INC. TAXES	(5)	000.00
6	REAL ESTATE TAXES	(6)	
7	PERSONAL PROPERTY TAXES	(7)	000.00

**6.1.5  
Multi-Page Forms**

When submitting a multi-page form, send all its pages in the same package.

**Exception.** If you will not be producing certain pages, please note that in your cover letter.

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**Section 6.2 – Additional Instructions for All Forms**

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

You may show the computer-prepared internal control numbers and identifying symbols on the substitute if using such numbers or symbols is acceptable to the taxpayer and the taxpayer's representative. Such information must not be printed in the top 1/2-inch clear area of any form or schedule requiring a signature. Except for the actual tax return form (Forms 1040, 111D Number on 20, 940, 941, etc.), you may print in the left vertical and bottom left margins. The bottom left margin you may use extends 3 1/2 inches from the left edge of the form. You may print internal control numbers in place of the removed IRS catalog number.

**6.2.2  
Required Software ID  
Number (Source Code) on  
Computer- Prepared  
Substitutes**

In the February 2009 Government Accountability Office (GAO) report, "Many Taxpayers Rely on Tax Software and IRS Needs to Assess Associated Risks" (GAO-09-297), GAO recommended that IRS require a software identification number on all individual returns to specifically identify the software package used to prepare each tax return. IRS already has this capability for all e-filed returns. In addition, many tax preparation software firms already print an IRS-issued 3-letter Source Code on paper returns that are generated by their individual tax software. This Source Code was assigned when the firms were seeking substitute forms approval under this current publication.

In order to respond properly to this GAO recommendation, the IRS will require all tax preparation software firms to include the 3-letter Source Code on all paper tax returns created by their individual tax preparation software. The many firms that currently have and display their Source Code on paper returns generated from their software should continue to do so, and no change is necessary.

We have reviewed all software companies that passed PATS testing last filing season and have determined that some firms do not currently have a Source Code. To save you the burden of contacting us and for your convenience, we have assigned Source Codes to those firms.

You should program your Source Code to be placed in the bottom left-hand corner of page one of each paper form that will be generated by your individual tax return package. You do not need to apply for a new Source Code annually.

If you already use a 3-letter Source Code and we have issued you one in error, you are unsure if you were ever issued one, or have other questions or concerns, you may contact Tax Forms and Publications Special Services Section at [substituteforms@irs.gov](mailto:substituteforms@irs.gov).

**6.2.3  
Descriptions for Captions,  
Lines, etc.**

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

**6.2.4  
Determining Final Totals**

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

**6.2.5  
Instructional Text on the  
Official Form**

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

**6.2.6  
Mixing Forms on the Same  
Page Prohibited**

You may not show more than one form or schedule on the same printout page. Both sides of the paper may be printed for multi-page official forms, but it is unacceptable to intermix single page schedules of forms.

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

**6.2.7  
Identifying Substitutes**

Identify all computer-prepared substitutes clearly. Print the form designation ½ inch from the top margin and 1½ inches from the left margin. Print the title centered on the first line of print. Print the taxable year and, where applicable, the sequence number on the same line ½ inch to 1 inch from the right margin. Include the taxpayer's name and SSN on all forms and attachments. Also, print the OMB number as reflected on the official form.

## 6.2.8 Negative Amounts

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

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### Part 7 Miscellaneous Forms and Programs

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## Section 7.1 – Specifications for Substitute Schedules K-1

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

Because of significant changes to improve processing, prior approval is now required for substitute Schedules K-1 that accompany Form 1041 (for estates and trusts), Form 1065 (for partnerships), Form 1065-B (for electing large partnerships), or Form 1120S (for S corporations). Substitute Schedules K-1 should be as close as possible to exact replicas of copies of the official IRS schedules and follow the same process for submitting other substitute forms and schedules. Before releasing their substitute forms, software vendors are responsible for making any subsequent changes that have been made to the final official IRS forms after the draft forms have been posted.

Submit substitute Schedule K-1 forms, in PDF format, to *scrips@irs.gov* for scannability acceptance. You must include information on the substitute that can be tested. This information should be dummy information. Use an “X” for alpha character and “0” for numbers. IRS will review and provide feedback of any changes needed so that your forms can be recognized correctly.

Include the 6-digit form ID code in the upper right of Schedules K-1 of Forms 1041, 1065, and 1120S. Please allow at least ¼ inch of white space around the 6-digit code.

- 661113 for Form 1041,
- 651113 for Form 1065, and
- 671113 for Form 1120S.

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

- You will no longer be able to produce Schedules K-1 that contain only those lines or boxes that taxpayers are required to use. All lines must be included.
- The words “\*See attached statement for additional information.” must be preprinted in the lower right-hand side on Schedules K-1 of Forms 1041, 1065, and 1120S.
- All K-1s that are filed with the IRS should be printed on standard 8.5” x 11” paper (the international standard (A4) of 8.27” x 11.69” may be substituted).
- Each recipient’s information must be on a separate sheet of paper. Therefore, you must separate all continuously printed substitutes, by recipient, before filing with the IRS.
- No carbon copies or pressure-sensitive copies will be accepted.
- The Schedule K-1 must contain the name, address, and SSN or EIN of both the entity (estate, trust, partnership, or S corporation) and the recipient (beneficiary, partner, or shareholder).
- The Schedule K-1 must contain the tax year, the OMB number, the schedule number (K-1), the related form number (1041, 1065, 1065-B, or 1120S), and the official schedule name in substantially the same position and format as shown on the official IRS schedule.
- The Schedule K-1 must contain all the line items as shown on the official form, except for the instructions, if any are printed on the back of the official Schedule K-1.



- The line items or boxes must be in the same order and arrangement as those on the official form.
- The amount of each recipient's share of each item must be shown. A partial percent should be reflected as a decimal (example: 50 ½% should be 50.5%). Furnishing a total amount of each item and a percentage (or decimal equivalent) to be applied to such total amount by the recipient does not satisfy the law and the specifications of this revenue procedure.
- State or local tax-related information may not be included on the Schedules K-1 filed with the IRS.
- The entity may have to pay a penalty if substitute Schedules K-1 are filed that do not conform to specifications.
- Additionally, the IRS may consider the Schedules K-1 that do not conform to specifications as not being able to be processed and may return Forms 1041, 1065, 1065-B, or 1120S to the filer to be filed correctly.

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

### 7.1.2 Special Requirements for Recipient Copies of Schedules K-1

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

- Include the 6-digit form ID code in the upper right of Schedules K-1 of Forms 1041, 1065, and 1120S. Please allow white space around the 6-digit code.
  - 661113 for Form 1041,
  - 651113 for Form 1065, and
  - 671113 for Form 1120S.
- You will no longer be able to produce Schedules K-1 that contain only those lines or boxes that taxpayers are required to use. All lines must be included.
- The words “\*See attached statement for additional information.” must be preprinted in the lower right-hand side on Schedules K-1 of Forms 1041, 1065, and 1120S.
- The Schedule K-1 must contain the name, address, and SSN or EIN of both the entity and recipient.
- The Schedule K-1 must contain the tax year, the OMB number, the schedule number (K-1), the related form number (1041, 1065, 1065-B, or 1120S), and the official schedule name in substantially the same position and format as shown on the official IRS schedule.
- All applicable amounts and information required to be reported must be titled and numbered in the same manner as shown on the official IRS schedule. The line items or boxes must be in the same order and arrangement and must be numbered like those on the official IRS schedule.
- The Schedule K-1 must contain all items required for use by the recipient. The instructions to the schedule must identify the line or box number and code, if any, for each item as shown in the official IRS schedule.
- The amount of each recipient's share of each item must be shown. A partial percent should be reflected as a decimal (example 50 ½% should be 50.5%). Furnishing a total amount of each line item and a percentage (or decimal equivalent) to be applied to such total amount by the recipient does not satisfy the law and the specifications of this revenue procedure.
- Instructions to the recipient that are substantially similar to those on or accompanying the official IRS schedule must be provided to aid in the proper reporting of the items on the recipient's income tax return. Where items are not reported to a recipient because they do not apply, the related instructions may be omitted.
- The quality of the ink or other material used to generate recipients' schedules must produce clearly legible documents. In general, black chemical transfer inks are preferred.
- In order to assure uniformity of substitute Schedules K-1, the paper size should be standard 8.5" x 11" (the international standard (A4) of 8.27" x 11.69" may be substituted.)

- The paper weight, paper color, font type, font size, font color, and page layout must be such that the average recipient can easily decipher the information on each page. The preferred font is “Helvetica” and a minimal of 10pt. font.
- State or local tax-related information may be included on recipient copies of substitute Schedules K-1. All non-tax-related information should be separated from the tax information on the substitute schedule to avoid confusion for the recipient.
- The legend “Important Tax Return Document Enclosed” must appear in a bold and conspicuous manner on the outside of the envelope that contains the substitute recipient copy of Schedule K-1.
- The entity may have to pay a penalty if a substitute Schedule K-1 furnished to any recipient does not conform to the specifications of this revenue procedure and results in impeding processing.

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

Electronic filing is now and will continue to be the preferred method of filing;

however, 2-D bar code is the best alternative method for paper processing.

In an effort to improve efficiency and at the same time increase data accuracy, the IRS partnered with the tax software development community on a two-dimensional bar code project in 2003. Certain tax software packages have been modified to generate 2-D bar codes on Schedules K-1. As a result, when K-1s are printed using these programs, a bar code will print on the page.

Rather than manually transcribe information from the Schedule K-1, the IRS will scan the bar code and electronically upload the information from the K-1. The results will be more efficient operation within the IRS and fewer transcription errors for your clients.

**Note.** If software vendors do not want to produce bar-coded Schedules K-1, they may produce the official IRS Schedules K-1 but cannot use the expedited process for approving bar-coded K-1s and their parent returns as outlined in *Section 7.1.6*.

In addition to the requirements in *Sections 7.1.1 and 7.1.2*, the bar-coded Schedules K-1 must meet the following specifications.

- The bar code should print in the space labeled “For IRS Use Only” on each Schedule K-1. The entire bar code must print within the “For IRS Use Only” box surrounded by a white space of at least ¼ inch.
- Bar codes must print in PDF 417 format.
- The bar codes must always be in the specified format with every field represented by at least a field delimiter (carriage return). Leaving out a field in a bar code will cause every subsequent field to be misread.
- Be sure to include the 6-digit form ID code in the upper right of Schedules K-1 of Forms 1041, 1065, and 1120S. Please allow white space around the 6-digit code.
  - 661113 for Form 1041,
  - 651113 for Form 1065, and
  - 671113 for Form 1120S.

### 7.1.4 2-D Bar Code Specifications for Schedules K-1

Follow these general specifications for preparing all 2-D bar-coded Schedules K-1:

- Numeric fields –
  - Do not include leading zeros (except Taxpayer Identification Numbers, Zip Codes, and percentages).
  - If negative value, the minus sign “-” must be present immediately to the left of the number and part of the 12 position field.
  - Do not use non-numeric characters except that the literal “STMT” can be put in money fields.
  - All money fields should be rounded to the nearest whole dollar amount – if a money amount ends in 00 to 49 cents, drop the cents; if it ends in 50 to 99 cents, truncate the cents and increment the dollar amount by one. Use the same rounding technique for the bar-coded and the printed K-1s.
  - All numeric-only fields are right justified (except Taxpayer Identification Numbers and Zip Codes).

- All field lengths are expressed as maximum lengths. If the value in the field has fewer positions or the software program does not support that many positions, put in the bar code only those positions actually used.
- Alpha fields –
  - Do not include leading blanks (left justified).
  - Do not include trailing blanks.
  - Use uppercase alpha characters only.
- Variable fields –
  - Do not include leading blanks (left justified).
  - Do not include trailing blanks.
  - Use uppercase alpha characters, numerics, and special characters as defined in each field.
- Delimit each field with a carriage return.
- Express percentages as 6-digit numbers without the percent sign. Left justify with leading zero(s) (for percentages less than 100%) and no decimal point (decimal point is assumed between 3rd and 4th positions). Examples: 25.32% expressed as “025320”; 105% expressed as “105000”; 8.275% expressed as “008275”; 10.24674% expressed as “01024 ”.
- It is vital that the print routine reinitialize the bar code prior to printing each succeeding K-1. Failure to do this will result in each K-1 for a parent return having the same bar code as the document before it.

### **7.1.5 Approval Process for Bar-Coded Schedules K-1**

Prior to releasing commercially available tax software that creates bar-coded Schedules K-1, the printed schedule and the bar code must both be tested. If your company is creating bar-coded Schedules K-1, you must receive certification for both the printed K-1, as well as the bar code before offering your product for sale. Bar-code testing must be done using the final official IRS Schedule K-1. Bar-code approval requests must be resubmitted for any subsequent changes to the official IRS form that would affect the bar code. Below are instructions and a sequence of events that will comprise the testing process.

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

### **7.1.6 Procedures for Reducing Testing Time**

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

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

Internal Revenue Service  
 Attn: Bar-Coded K-1  
 SE:W:CAR:MP:T:M:S, IR 6526  
 1111 Constitution Avenue,  
 NW Washington, DC 20224

- Mail one copy of the parent form(s) and Schedule(s) K-1 to the IRS and another copy to the testing vendor at the address below.

Northrop Grumman Information Systems  
 Attn: Twanna Wiley  
 7555 Colshire Drive  
 McLean, VA 22102  
 Phone: 703-483-5678

- Include multiple email and phone contact points in the packages.
- While the IRS can expedite bar-coded Schedules K-1 and their associated parent returns, it cannot expedite the approval of non-associated tax returns.
- Vendors should comply with all NACTP guidelines especially in regards to mil size and error-correction level.
- Submissions should include vendor ID code printed and in the bar code.
- If a change is made to the bar code after approval, be sure to increment the version number.

## Section 7.2 – Guidelines for Substitute Forms 8655

### 7.2.1 Increased Standardization for Forms 8655

Increased standardization for reporting information on substitute Forms 8655 is now required to aid in processing and for compliance purposes. Please follow the guidelines in *Section 7.2.2*.

### 7.2.2 Requirements for Substitute Forms 8655

Please follow these specific requirements when producing substitute Forms 8655.

- The first line of the title must be “Reporting Agent Authorization.”
- If you want to include a reference to “State Limited Power of Attorney,” it can be in parentheses under the title. “State” must be the first word within the parentheses.
- You must include “Form 8655” on the form.
- While the line numbers do not have to match the official form, the sequence of the information must be in the same order.
- The size of any variable data must be printed in a font no smaller than 10-point.
- For adequate disclosure checks, the following must be included for each taxpayer:
  - Name,
  - EIN, and
  - Address.
- At this time, Form 944 will not be required if Form 941 is checked. Only those forms that the reporting agent company supports need to be listed.
- The jurat (perjury statement) must be identical with the exception of references to line numbers. A contact name and number for the reporting agent is not required.
- You must include line 17, or the equivalent line, and it must include two checkboxes.
- Any state information included should be contained in a separate section of the substitute form.

- Preferably this information will be in the same area as line 19 of the official form.
- All substitute Forms 8655 must be approved by the Substitute Forms Unit as outlined in the Form 8655 specifications in this current publication.
- If you have not already been assigned a 3-letter Source Code, you will be given one when your substitute form is submitted for approval. This Source Code should be included in the lower left corner of the form.
- The 20-day assumed approval policy does not apply to Form 8655 approvals.

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**Part 8**  
**Additional Information**

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**Section 8.1 – Forms for Electronically Filed Returns**

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**8.1.1  
Electronic Filing Program**

Electronic filing is a method by which authorized providers transmit tax return information to an IRS Service Center in the format of the official IRS forms. The IRS accepts both refund and balance due forms that are filed electronically.

**8.1.2  
Applying to Participate in  
IRS e-file**

Anyone wishing to participate in IRS *e-file* of tax returns must submit an *e-file* application. The application can be completed and submitted electronically on the IRS website at IRS.gov after first registering for e-services on the website.

**8.1.3  
Obtaining the Taxpayer  
Signature/ Submission of  
Required Paper Documents**

Taxpayers choosing to electronically prepare and file their return will be required to use the Self-Select PIN method as their signature.

Electronic Return Originators (EROs) can e-file individual income tax returns only if the returns are signed electronically using either the Self-Select or Practitioner PIN method.

Taxpayers must use Form 8453, U.S. Individual Income Tax Transmittal for an IRS *e-file* Return, to send supporting documents that are required to be submitted to the IRS.

For specific information about electronic filing, refer to Pub. 1345, Handbook for Authorized IRS *e-file* Providers of Individual Income Tax Returns.

**8.1.4  
Guidelines for Preparing  
Substitute Forms in the  
Electronic Filing Program**

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

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



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## **Section 8.2 – Effect on Other Documents**

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### **8.2.1 Effect on Other Documents**

This revenue procedure supersedes Revenue Procedure 2015–18, 2015–8, I.R.B. 620.

### **Section 8.3 – Exhibits**

Exhibit A — Form 1040 Schedule A 2015 (Preferred format)

Exhibit B — Form 1040 Schedule A 2015 (Acceptable format)

Exhibit C — Form 2106–EZ 2015 (Preferred format)

Exhibit D — Form 2106–EZ 2015 (Acceptable format)

Exhibit E — Form 1041–ES Voucher 2016

Exhibit F — Substitute Form Check Sheet

Schedule A (Preferred Format)

Exhibit A

Preferred format Form 1040 Schedule A

<p><b>SCHEDULE A</b> <b>(Form 1040)</b></p> <p>Department of the Treasury Internal Revenue Service (99)</p> <p>Name(s) shown on Form 1040</p>	<p><b>Itemized Deductions</b></p> <p>Information about Schedule A and its separate instructions is at <a href="http://www.irs.gov/schedulea">www.irs.gov/schedulea</a>.</p> <p>Attach to Form 1040.</p>	<p>OMB No. 1545-0074</p> <p><b>2016</b></p> <p>Attachment Sequence No. <b>07</b></p> <p>Your social security number</p>
<p><b>Medical and Dental Expenses</b></p> <p><b>Caution:</b> Do not include expenses reimbursed or paid by others.</p> <p><b>1</b> Medical and dental expenses (see instructions) . . . . . <b>1</b></p> <p><b>2</b> Enter amount from Form 1040, line 38 <b>2</b></p> <p><b>3</b> Multiply line 2 by 10% (0.10). But if either you or your spouse was born before January 2, 1952, multiply line 2 by 7.5% (0.075) instead . . . . . <b>3</b></p> <p><b>4</b> Subtract line 3 from line 1. If line 3 is more than line 1, enter -0- . . . . . <b>4</b></p>		
<p><b>Taxes You Paid</b></p> <p><b>5</b> State and local (check only one box):</p> <p style="margin-left: 20px;">a <input type="checkbox"/> Income taxes, or</p> <p style="margin-left: 20px;">b <input type="checkbox"/> General sales taxes</p> <p><b>6</b> Real estate taxes (see instructions) . . . . . <b>6</b></p> <p><b>7</b> Personal property taxes . . . . . <b>7</b></p> <p><b>8</b> Other taxes. List type and amount ♦</p> <p><b>9</b> Add lines 5 through 8 . . . . . <b>9</b></p>		
<p><b>Interest You Paid</b></p> <p><b>10</b> Home mortgage interest and points reported to you on Form 1098 <b>10</b></p> <p><b>11</b> Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address ♦</p> <p><b>Note:</b> Your mortgage interest deduction may be limited (see instructions).</p> <p><b>12</b> Points not reported to you on Form 1098. See instructions for special rules . . . . . <b>12</b></p> <p><b>13</b> Mortgage insurance premiums (see instructions) . . . . . <b>13</b></p> <p><b>14</b> Investment interest. Attach Form 4952 if required. (See instructions.) <b>14</b></p> <p><b>15</b> Add lines 10 through 14 . . . . . <b>15</b></p>		
<p><b>Gifts to Charity</b></p> <p><b>16</b> Gifts by cash or check. If you made any gift of \$250 or more, see instructions . . . . . <b>16</b></p> <p><b>17</b> Other than by cash or check. If any gift of \$250 or more, see instructions. You <b>must</b> attach Form 8283 if over \$500 . . . . . <b>17</b></p> <p><b>18</b> Carryover from prior year . . . . . <b>18</b></p> <p><b>19</b> Add lines 16 through 18 . . . . . <b>19</b></p>		
<p><b>Casualty and Theft Losses</b></p> <p><b>20</b> Casualty or theft loss(es). Attach Form 4684. (See instructions.) . . . . . <b>20</b></p>		
<p><b>Job Expenses and Certain Miscellaneous Deductions</b></p> <p><b>21</b> Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.) ♦ <b>21</b></p> <p><b>22</b> Tax preparation fees . . . . . <b>22</b></p> <p><b>23</b> Other expenses—investment, safe deposit box, etc. List type and amount ♦ <b>23</b></p> <p><b>24</b> Add lines 21 through 23 . . . . . <b>24</b></p> <p><b>25</b> Enter amount from Form 1040, line 38 <b>25</b></p> <p><b>26</b> Multiply line 25 by 2% (0.02) . . . . . <b>26</b></p> <p><b>27</b> Subtract line 26 from line 24. If line 26 is more than line 24, enter -0- . . . . . <b>27</b></p>		
<p><b>Other Miscellaneous Deductions</b></p> <p><b>28</b> Other—from list in instructions. List type and amount ♦ <b>28</b></p>		
<p><b>Total Itemized Deductions</b></p> <p><b>29</b> Is Form 1040, line 38, over \$155,650?</p> <p style="margin-left: 20px;"><input type="checkbox"/> <b>No.</b> Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40.</p> <p style="margin-left: 20px;"><input type="checkbox"/> <b>Yes.</b> Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.</p> <p><b>30</b> If you elect to itemize deductions even though they are less than your standard deduction, check here <input type="checkbox"/></p>		
<p>For Paperwork Reduction Act Notice, see Form 1040 instructions. <span style="float: right;">Cat. No. 17145C <span style="margin-left: 100px;">Schedule A (Form 1040) 2016</span></span></p>		

Schedule A (Acceptable Format)

Exhibit B

Acceptable format Form 1040 Schedule A

<p><b>SCHEDULE A</b> <b>(Form 1040)</b></p> <p>Department of the Treasury Internal Revenue Service (99)</p> <p>Name(s) shown on Form 1040</p>	<p><b>Itemized Deductions</b></p> <p>◆ Information about Schedule A and its separate instructions is at <a href="http://www.irs.gov/schedulea">www.irs.gov/schedulea</a>. ◆ Attach to Form 1040.</p>	<p>OMB No. 1545-0074</p> <p><b>2015</b></p> <p>Attachment Sequence No. 07</p> <p>Your social security number</p>																																																
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<p><b>Interest You Paid</b></p> <p><b>Note.</b> Your mortgage interest deduction may be limited (see instructions).</p> <p>10 Home mortgage interest and points reported to you on Form 1098</p> <p>11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address</p> <p>12 Points not reported to you on Form 1098. See instructions for special rules</p> <p>13 Reserved</p> <p>14 Investment interest. Attach Form 4952 if required. (See instructions.)</p> <p>15 Add lines 10 through 14</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">10</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> <tr><td>11</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>12</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>13</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>14</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>15</td><td></td><td></td><td></td><td></td><td></td></tr> </table>	10						11						12						13						14						15						<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">15</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> </table>	15											
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<p><b>Gifts to Charity</b></p> <p>If you made a gift and got a benefit for it, see instructions.</p> <p>16 Gifts by cash or check. If you made any gift of \$250 or more, see instructions</p> <p>17 Other than by cash or check. If any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500</p> <p>18 Carryover from prior year</p> <p>19 Add lines 16 through 18</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">16</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> <tr><td>17</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>18</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>19</td><td></td><td></td><td></td><td></td><td></td></tr> </table>	16						17						18						19						<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">19</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> </table>	19																							
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<p><b>Casualty and Theft Losses</b></p> <p>20 Casualty or theft loss(es). Attach Form 4684. (See instructions.)</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">20</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> </table>	20						<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">20</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> </table>	20																																									
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<p><b>Job Expenses and Certain Miscellaneous Deductions</b></p> <p>21 Unreimbursed employee expenses—job travel, union dues, job education, etc. Attach Form 2106 or 2106-EZ if required. (See instructions.)</p> <p>22 Tax preparation fees</p> <p>23 Other expenses—investment, safe deposit box, etc. List type and amount</p> <p>24 Add lines 21 through 23</p> <p>25 Enter amount from Form 1040, line 38</p> <p>26 Multiply line 25 by 2% (.02)</p> <p>27 Subtract line 26 from line 24. If line 26 is more than line 24, enter -0-</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">21</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> <tr><td>22</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>23</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>24</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>25</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>26</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>27</td><td></td><td></td><td></td><td></td><td></td></tr> </table>	21						22						23						24						25						26						27						<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">27</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> </table>	27					
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<p><b>Other Miscellaneous Deductions</b></p> <p>28 Other—from list in instructions. List type and amount</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">28</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> </table>	28						<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">28</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> </table>	28																																									
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<p><b>Total Itemized Deductions</b></p> <p>29 Is Form 1040, line 38, over \$154,950?</p> <p><input type="checkbox"/> <b>No.</b> Your deduction is not limited. Add the amounts in the far right column for lines 4 through 28. Also, enter this amount on Form 1040, line 40.</p> <p><input type="checkbox"/> <b>Yes.</b> Your deduction may be limited. See the Itemized Deductions Worksheet in the instructions to figure the amount to enter.</p> <p>30 If you elect to itemize deductions even though they are less than your standard deduction, check here</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">29</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> </table>	29						<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:5%;">29</td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td><td style="width:15%;"></td></tr> </table>	29																																									
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<p>For Paperwork Reduction Act Notice, see Form 1040 instructions.</p>		<p>Cat. No. 17145C</p>	<p>Schedule A (Form 1040) 2015</p>																																															

Form 2106-EZ (Preferred Format)

Exhibit C

Preferred format Form 2106-EZ

Form <b>2106-EZ</b> Department of the Treasury Internal Revenue Service (99)	<b>Unreimbursed Employee Business Expenses</b> ♦ Attach to Form 1040 or Form 1040NR. ♦ Information about Form 2106 and its separate instructions is available at <a href="http://www.irs.gov/form2106">www.irs.gov/form2106</a> .	OMB No. 1545-0074 <b>2015</b> Attachment Sequence No. <b>129A</b>
Your name _____	Occupation in which you incurred expenses _____	Social security number _____

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

- You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.
- You **do not** get reimbursed by your employer for any expenses (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements for this purpose).
- If you are claiming vehicle expense, you are using the standard mileage rate for 2015.

**Caution:** You can use the standard mileage rate for 2015 **only if:** (a) you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, **or** (b) you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997.

**Part I Figure Your Expenses**

1 Complete Part II. Multiply line 8a by 57.5¢ (.575). Enter the result here . . . . .	1		
2 Parking fees, tolls, and transportation, including train, bus, etc., that <b>did not</b> involve overnight travel or commuting to and from work . . . . .	2		
3 Travel expense while away from home overnight, including lodging, airplane, car rental, etc. <b>Do not</b> include meals and entertainment . . . . .	3		
4 Business expenses not included on lines 1 through 3. <b>Do not</b> include meals and entertainment . . . . .	4		
5 Meals and entertainment expenses: \$ _____ × 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 80% (.80) instead of 50%. For details, see instructions.)	5		
6 <b>Total expenses.</b> Add lines 1 through 5. Enter here and on <b>Schedule A (Form 1040), line 21</b> (or on <b>Schedule A (Form 1040NR), line 7</b> ). (Armed Forces reservists, fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter this amount.) . . . . .	6		

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

7 When did you place your vehicle in service for business use? (month, day, year) ♦ \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

8 Of the total number of miles you drove your vehicle during 2015, enter the number of miles you used your vehicle for:

a Business \_\_\_\_\_ b Commuting (see instructions) \_\_\_\_\_ c Other \_\_\_\_\_

9 Was your vehicle available for personal use during off-duty hours? . . . . .  Yes  No

10 Do you (or your spouse) have another vehicle available for personal use? . . . . .  Yes  No

11a Do you have evidence to support your deduction? . . . . .  Yes  No

b If "Yes," is the evidence written? . . . . .  Yes  No

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 20604Q Form **2106-EZ** (2015)

**Form 2106-EZ (Acceptable Format)**

**Exhibit D**

Acceptable format **Form 2106-EZ**

Form **2106-EZ**

**Unreimbursed Employee Business Expenses**

OMB No. 1545-0074

**2015**

Department of the Treasury  
Internal Revenue Service (99)

◆ **Attach to Form 1040 or Form 1040NR.**  
◆ **Information about Form 2106 and its separate instructions is available at [www.irs.gov/form2106](http://www.irs.gov/form2106).**

Attachment  
Sequence No. **129A**

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

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

- You are an employee deducting ordinary and necessary expenses attributable to your job. An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.
- You **do not** get reimbursed by your employer for any expenses (amounts your employer included in box 1 of your Form W-2 are not considered reimbursements for this purpose).
- If you are claiming vehicle expense, you are using the standard mileage rate for 2015.

**Caution:** You can use the standard mileage rate for 2015 **only if:** (a) you owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, or (b) you leased the vehicle and used the standard mileage rate for the portion of the lease period after 1997.

**Part I Figure Your Expenses**

1	Complete Part II. Multiply line 8a by 57.5¢ (.575). Enter the result here . . . . .	1	
2	Parking fees, tolls, and transportation, including train, bus, etc., that <b>did not</b> involve overnight travel or commuting to and from work . . . . .	2	
3	Travel expense while away from home overnight, including lodging, airplane, car rental, etc. <b>Do not</b> include meals and entertainment . . . . .	3	
4	Business expenses not included on lines 1 through 3. <b>Do not</b> include meals and entertainment . . . . .	4	
5	Meals and entertainment expenses: \$ _____ × 50% (.50). (Employees subject to Department of Transportation (DOT) hours of service limits: Multiply meal expenses incurred while away from home on business by 80% (.80) instead of 50%. For details, see instructions.)	5	
6	<b>Total expenses.</b> Add lines 1 through 5. Enter here and on <b>Schedule A (Form 1040), line 21</b> (or on <b>Schedule A (Form 1040NR), line 7</b> ). (Armed Forces reservists, fee-basis state or local government officials, qualified performing artists, and individuals with disabilities: See the instructions for special rules on where to enter this amount.) . . . . .	6	

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

- 7 When did you place your vehicle in service for business use? (month, day, year) ◆ \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_
- 8 Of the total number of miles you drove your vehicle during 2015, enter the number of miles you used your vehicle for:
- a Business \_\_\_\_\_ b Commuting (see instructions) \_\_\_\_\_ c Other \_\_\_\_\_
- 9 Was your vehicle available for personal use during off-duty hours? . . . . .  Yes  No
- 10 Do you (or your spouse) have another vehicle available for personal use? . . . . .  Yes  No
- 11a Do you have evidence to support your deduction? . . . . .  Yes  No
- b If "Yes," is the evidence written? . . . . .  Yes  No

Software Developers Voucher

Exhibit E

Form 1040-ES Voucher

<b>Form 1040-ES (OCR)</b> <small>Department of the Treasury Internal Revenue Service</small>	<b>2016</b> <small>OMB No. 1545-0074</small>	<b>Estimated Tax</b>	<b>Payment 1 Voucher</b>	<small>Calendar year— Due April 18, 2016</small>						
<small>◆ Make your check or money order payable to "United States Treasury." ◆ Enter your SSN and "2016 Form 1040-ES" on your payment. ◆ If your name, address, or SSN is incorrect, see instructions.</small>		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;"><b>Amount of estimated tax you are paying by check or money order.</b></td> <td style="padding: 2px; text-align: center;">Dollars</td> <td style="padding: 2px; text-align: center;">Cents</td> </tr> <tr> <td style="padding: 2px;"></td> <td style="padding: 2px; text-align: center;">0,000</td> <td style="padding: 2px;"></td> </tr> </table>	<b>Amount of estimated tax you are paying by check or money order.</b>	Dollars	Cents		0,000		<small>XXXX For Privacy Act and Paperwork Reduction Act Notice, see instructions.</small>	
<b>Amount of estimated tax you are paying by check or money order.</b>	Dollars	Cents								
	0,000									
<p>John Q. Doe 000 Someplace Somewhere Blvd. City, ST 00000</p>		<p>PO Box 00000 City, ST 00000 - 0000</p>								
<p>000000000 XX DOE 00 0 201612 000</p>										



**IRS Check Sheet**

**Exhibit F**

**Substitute Forms Check Sheet**

Check Sheet of IRS Substitute Forms 20 :  
Submitted on \_\_\_\_\_  
Company: . . . . .  
Contact: . . . . .  
Phone: . . . . .  
Fax: . . . . .  
Source Code: . . . . .

Form Number	Approved	Approved With Corrections	Comments

Authorized Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Reviewer's Name: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Date: \_\_\_\_\_

**Note.** This revenue procedure will be reproduced as the next revision of IRS Publication 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns.

26 CFR 601.602:

Forms and instructions. (Also Part 1, Sections 170, 220, 401(a), 403(a), 403(b), 408, 408A, 457(b), 529, 529A, 530, 853A, 1441, 6041A, 6042, 6043, 6044, 60645, 6047, 6049, 6050A, 6050B, 6050D, 6050E, 6050H, 6050J, 6050N, 6050P, 6050Q, 6050R, 6050S, 6050W, 1.401(a)(9), 1.408-5, 1.408-7, 1.408A-7, 1.529A-7, 1.1441-1 through 1.1441-5, 1.6041-1, 7.6041-1, 1.6042-2, 1.6042-4, 1.6044-2, 1.6044-5, 1.6045-1, 1.6045-2, 1.6045-4, 1.6047-1, 1.6047-2, 1.6049-4, 1.6049-6, 1.6049-7, 1.6050A-1, 1.6050B-1, 1.6050D-1, 1.6050E-1, 1.6050H-1, 1.6050H-2, 1.6050J-1T, 1.60850N-1, 1.6050P-1, 1.6050W-1, 1.6050W-2)

## Rev. Proc. 2016-35

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### Part 1 General Information

#### Section 1.1 – Overview of Revenue Procedure 2016-35/What’s New

##### 1.1.1 Purpose

The purpose of this revenue procedure is to set forth the 2016 requirements for:

- Using official Internal Revenue Service (IRS) forms to file information returns with the IRS,
- Preparing acceptable substitutes of the official IRS forms to file information returns with the IRS, and
- Using official or acceptable substitute forms to furnish information to recipients.

**1.1.2  
Which Forms Are  
Covered?**

This revenue procedure contains specifications for these information returns:

<b>Form</b>	<b>Title</b>
1096	Annual Summary and Transmittal of U.S. Information Returns
1097-BTC	Bond Tax Credit
1098	Mortgage Interest Statement
1098-C	Contributions of Motor Vehicles, Boats, and Airplanes
1098-E	Student Loan Interest Statement
1098-MA	Mortgage Assistance Payments
1098-Q	Qualifying Longevity Annuity Contract Information
1098-T	Tuition Statement
1099-A	Acquisition or Abandonment of Secured Property
1099-B	Proceeds From Broker and Barter Exchange Transactions
1099-C	Cancellation of Debt
1099-CAP	Changes in Corporate Control and Capital Structure
1099-DIV	Dividends and Distributions
1099-G	Certain Government Payments
1099-INT	Interest Income
1099-K	Payment Card and Third Party Network Transactions
1099-LTC	Long-Term Care and Accelerated Death Benefits
1099-MISC	Miscellaneous Income
1099-OID	Original Issue Discount
1099-PATR	Taxable Distributions Received From Cooperatives
1099-Q	Payments From Qualified Education Programs (Under Sections 529 and 530)
1099-QA	Distributions from ABLE Accounts
1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
1099-S	Proceeds From Real Estate Transactions
1099-SA	Distributions From an HSA, Archer MSA, or Medicare Advantage MSA
3921	Exercise of an Incentive Stock Option Under Section 422(b)
3922	Transfer of Stock Acquired Through An Employee Stock Purchase Plan Under Section 423(c)
5498	IRA Contribution Information
5498-ESA	Coverdell ESA Contribution Information
5498-QA	ABLE Account Contribution Information
5498-SA	HSA, Archer MSA, or Medicare Advantage MSA Information
W-2G	Certain Gambling Winnings
1042-S	Foreign Person's U.S. Source Income Subject to Withholding

**1.1.3  
Scope**

For purposes of this revenue procedure, a substitute form or statement is one that is not published by the IRS. For a substitute form or statement to be acceptable to the IRS, it must conform to the official form or the specifications outlined in this revenue procedure. Do not submit any substitute forms or statements listed above to the IRS for approval. Privately published forms may not state, "This is an IRS approved form."

Filers making payments to certain recipients during a calendar year are required by the Internal Revenue Code (the Code) to file information returns with the IRS for these payments. These filers must also provide this information to their recipients. In some cases, this also applies to payments received. See *Part 4* for specifications that apply to recipient statements (generally Copy B).

In general, section 6011 of the Code contains requirements for filers of information returns. A filer must file information returns electronically or on paper. A filer who is required to file 250 or more information returns of any one type during a calendar year must file those returns electronically.

**Caution:** Financial institutions that are required to report payments made under chapters 3 or 4 **must** file Forms 1042-S electronically, regardless of the number of forms to file.

**Note.** If you file electronically, do not file the same returns on paper.

Although not required, small volume filers (fewer than 250 returns during a calendar year) may file the forms electronically. See the requirements for filing information returns (and providing a copy to a payee) in the 2016 General Instructions for Certain Information Returns and the 2016 Instructions for Form 1042-S. In addition, see the current revision of Publication 1220, Specifications for Electronic Filing of Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G, for electronic filing through the IRS FIRE system.

#### 1.1.4 For More Information

The IRS prints and provides the forms on which various payments must be reported. See *Section 5.3*, later, for ordering forms and instructions. Alternatively, filers may prepare substitute copies of these IRS forms and use such forms to report payments to the IRS.

- The Internal Revenue Service/Information Returns Branch (IRS/IRB) maintains a centralized customer service call site to answer questions related to information returns (Forms W-2, W-3, W-2c, W-3c, 1099 series, 1096, etc.). You can reach the call site at 1-866-455-7438 (toll-free) or outside the U. S. 304-263-8700 (not a toll-free number). Persons with a hearing or speech disability with access to TTY/TDD equipment can call 304-579-4827 (not a toll-free number). You may also send questions to the call site via the Internet at [mccirp@irs.gov](mailto:mccirp@irs.gov). **Note.** IRS/IRB does not process information returns which are filed on paper forms. See Publication 1220 for information on waivers and extensions of time.
- For other tax information related to business returns or accounts, call 1-800-829-4933. Persons with hearing or speech disabilities with access to TTY/TDD equipment can call 1-800-829-4059 to ask tax account questions or to order forms and publications.

**Note.** Further information impacting Publication 1179, such as issues arising after its final release, will be posted on IRS.gov at [www.irs.gov/pub1179](http://www.irs.gov/pub1179).

#### 1.1.5 What's New

The following changes have been made to this year's revenue procedure.

**Online fillable forms.** Due to the very low volume of paper Forms 1099-CAP, 1099-LTC, 1099-SA, 3922, 5498-ESA, and 5498-SA received and processed by the IRS each year, these forms have been converted to online fillable formats. We are removing these forms (Copy A) from the Exhibits in *Part 6*. We have added a new section in *Part 2* titled *Online fillable forms* specifically regarding these and the 2 other new online fillable forms, Forms 1099-QA and 5498-QA. The instructions for substitute Form 1042-S, also an online fillable form, are found in *Part 5*.

**New Forms 1099-QA and 5498-QA.** Public Law 113-295, Division B, the Stephen Beck, Jr., Achieving a Better Life Experience (ABLE) Act of 2014, allows individuals and families to save for the purpose of supporting individuals with disabilities to maintain health, independence, and quality of life by establishing an ABLE savings account. Form 1099-QA, Distributions from ABLE Accounts, and Form 5498-QA, ABLE Account Contribution Information, and their separate instructions will provide the necessary information for reporting distributions from and contributions to ABLE accounts.

**Form 1098.** Form 1098 has increased in size from 3-to-a-page to 2-to-a-page due to increased reporting requirements.

**Form 1099–B.** A new checkbox was added to this form to identify an FFI or U.S. payer filing this form to satisfy its chapter 4 reporting requirement. An additional checkbox was added to box 2 for situations in which some of a taxpayer’s gain or loss may be ordinary rather than capital. Reporting requirements for wash sales, accrued market discount, and collectibles have been changed.

**Forms 1099–INT and 1099–OID.** New boxes were added to these forms for reporting bond premium.

**Form 1099–MISC.** This form must be filed on or before January 31, 2017, when reporting nonemployee compensation payments in box 7. Otherwise, file by February 28, 2017, if filing on paper, or by March 31, 2017, if filing electronically.

**Form 1099–R.** A new checkbox was added to this form to identify an FFI or U.S. payer filing this form to satisfy its chapter 4 reporting requirement.

**Form 1042–S, Withholding agent’s status codes and payer status code.** Beginning in 2016, withholding agents must enter both a chapter 3 and chapter 4 status code regardless of the type of payment being made. A payer must include its chapter 3 and chapter 4 status codes in boxes 16d and 16e.

**Electronic filing requirement for financial institutions.** Beginning January 1, 2014, financial institutions that are required to report payments made under chapter 3 or 4 must electronically file Forms 1042–S (regardless of the number of forms to file).

See the 2016 Instructions for Form 1042–S for more information.

**Exhibits.** All of the exhibits in this publication were updated to include all of the 2016 revisions of those forms that have been revised. All of the exhibits in this publication were updated to include all of the 2016 revisions of those forms that have been revised.

**Editorial changes.** We made editorial changes throughout, including updated references. Redundancies were eliminated as much as possible.

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## Section 1.2 – Definitions

### 1.2.1 Form Recipient

Form recipient means the person to whom you are required by law to furnish a copy of the official form or information statement. The form recipient may be referred to by different names on various Forms 1099 and related forms (“beneficiary,” “borrower,” “debtor,” “donor,” “employee,” “homeowner,” “insured,” “participant,” “payee,” “payer/borrower,” “policyholder,” “shareholder,” “student,” “transferor,” or, in the case of Form W–2G, the “winner”). See *Section 1.3.4*.

### 1.2.2 Filer

Filer means the person or organization required by law to file with the IRS a form listed in *Section 1.1.2* with the IRS. A filer may be a payer, creditor, payment settlement entity, recipient of mortgage or student loan interest payments, educational institution, broker, barter exchange, person reporting real estate transactions; a trustee or issuer of any educational or ABLE Act savings account, individual retirement arrangement, or medical savings account; a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned; a corporation reporting a change in control and capital structure or transfer of stock to an employee; or certain donees of motor vehicles, boats, and airplanes.

### 1.2.3 Substitute Form

Substitute form means a paper substitute of Copy A of an official form listed in *Section 1.1.2* that completely conforms to the provisions in this revenue procedure.

**1.2.4  
Substitute Form Recipient  
Statement (recipient  
statement)**

Substitute form recipient statement means a paper or electronic statement of the information reported on a form listed in *Section 1.1.2*. From hereon, we will refer to this as a recipient statement. This statement must be furnished to a person (form recipient), as defined under the applicable provisions of the Code and the applicable regulations.

**1.2.5  
Composite Substitute  
Statement**

Composite substitute statement means one in which two or more required statements (for example, Forms 1099–INT and 1099–DIV) are furnished to the recipient on one document. However, each statement must be designated separately and must contain all the requisite Form 1099 information except as provided under *Section 4.2*. A composite statement may not be filed with the IRS.

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**Section 1.3 – General Requirements for Acceptable Substitute Forms 1096, 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, and 1042–S**

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**1.3.1  
Introduction**

Paper substitutes for Form 1096 and Copy A of Forms 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, and 1042–S that completely conform to the specifications listed in this revenue procedure may be privately printed and filed as returns with the IRS. The reference to the Department of the Treasury– Internal Revenue Service should be included on all such forms.

If you are uncertain of any specification and want it clarified, you may submit a letter citing the specification, stating your understanding and interpretation of the specification, and enclosing an example of the form (if appropriate) to:

Internal Revenue Service  
Attn: Substitute Forms Program  
SE:W:CAR:MP:P:TP  
5000 Ellin Road, C6–440  
Lanham, MD 20706

**Note.** Allow at least 30 days for the IRS to respond.

You may also contact the Substitute Forms Program via e-mail at [substituteforms@irs.gov](mailto:substituteforms@irs.gov). Please enter “Substitute Forms” on the Subject Line.

Forms 1096, 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, and 1042–S are subject to annual review and possible change. Therefore, filers are cautioned against overstocking supplies of privately printed substitutes.

**1.3.2  
Logos, Slogans, and  
Advertisements**

Some Forms 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, and 1042–S that include logos, slogans, and advertisements may not be recognized as important tax documents. A payee may not recognize the importance of the payee copy for tax reporting purposes due to the use of logos, slogans, and advertisements. Thus, the IRS has determined that logos, slogans, and advertising will not be allowed on the payee copies of the above forms, on Copy A filed with the IRS, or on Form 1096, with the following exceptions:

- The exact name of the payer, broker, or agent, primary trade name, trademark, service mark, or symbol of the payer, broker, or agent, an embossment or watermark on the information return and payee copies that is a representation of the name, a primary trade name, trademark, service mark, or symbol of the payer, broker, or agent,
- Presented in any typeface, font, stylized fashion, or print color normally used by the payer, broker, or agent, and used in a non-intrusive manner, and
- As long as these items do not materially interfere with the ability of the recipient to recognize, understand, and use the tax information on the payee copies.



The IRS e-file logo on the IRS official payee copies may be included, but it is not required, on any of the substitute form copies.

The information return and payee copies must clearly identify the payer's name associated with its employer identification number.

Logos and slogans, may be used on permissible enclosures, such as a check or account statement, other than information returns and payee copies.

As indicated in *Sections 1.3.1 and 5.1.2*, of this revenue procedure, Forms 1096, 1097–BTC, 1098, 1099, 3921, 3922, 5498, W–2G, and 1042–S are subject to annual review and possible change. If you have comments about the restrictions on including logos, slogans, and advertising on information returns and payee copies, send or email your comments to:

Internal Revenue Service  
Attn: Substitute Forms Program  
SE:W:CAR:MP:P:TP  
5000 Ellin Road, C6–440  
Lanham, MD 20706

or *substituteforms@irs.gov*.

### 1.3.3 Copy A Specifications

Proposed substitutes of Copy A must be exact replicas of the official IRS form with respect to layout and content. Proposed substitutes for Copy A that do not conform to the specifications in this revenue procedure are not acceptable. Further, if you file such forms with the IRS, you may be subject to a penalty for failure to file a correct information return under section 6721 of the Code. The amount of the penalty is based on when you file the correct information return. The amount of the penalty is shown next.

- \$50 per information return if you correctly file within 30 days (by March 30 if the due date is February 28); maximum penalty \$532,000 per year (\$186,000 for small businesses).
- \$100 per information return if you correctly file more than 30 days after the due date but by August 1; maximum penalty \$1,596,500 per year (\$532,000 for small businesses).
- \$260 per information return if you file after August 1 or you do not file required information returns; maximum penalty \$3,193,000 per year (\$1,064,000 for small businesses).

### 1.3.4 Copy B and Copy C Specifications

Copy B and Copy C of the following forms must contain the information in *Part 4* to be considered a “statement” or “official form” under the applicable provisions of the Code. The format of this information is at the discretion of the filer with the exception of the location of the tax year, form number, form name, and the information for composite Form 1099 statements as outlined under *Section 4.2*.

Copy B, of the forms below, are for the following recipients.

<b>Form</b>	<b>Recipient</b>
1098	For Payer/Borrower
1098–C	For Donor
1098–E; 1099–A	For Borrower
1098–MA	For Homeowner
1098–Q	For Participant
1098–T	For Student
1099–C	For Debtor
1099–CAP	For Shareholder

<b>Form</b>	<b>Recipient</b>
1099-K	For Payee
1099-LTC	For Policyholder
1099-R; W-2G	Indicates that these forms may require Copy B to be attached to the federal income tax return.
1099-S	For Transferor
All remaining Forms 1099; 1097-BTC; 1042-S; 3921; 3922	For Recipient
5498; 5498-SA	For Employee
5498-QA; 5498-ESA	For Participant
1097-BTC	For Beneficiary
1098	For Payer
1098-C	For Recipient/ Lender
1098-E; 1042-S	For Donor's Records
1098-MA; 1098-T; 1099-K	For Recipient
1098-Q	For Filer
1099-CAP; 3921; 3922	For Issuer
1099-LTC	For Corporation
1099-QA	For Insured
1099-R	For Payer
All other Forms 1099	For Recipient's Records
5498	See <i>Section 4.5.2</i>
5498-ESA, 5498-SA	For Trustee or Insurer
5498-QA	For Trustee
W-2G	For Issuer
	For Winner's Records

**Note.** On Copy C, Form 1099-LTC, you may reverse the locations of the policyholder's and the insured's name, street address, city, state, and ZIP code for easier mailing.

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**Part 2**  
**Specifications for Substitute Forms 1096 and Copies**  
**A of Forms 1097–BTC, 1098, 1099, 3921, 3922, and 5498 (All Filed With the IRS)**

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**Section 2.1 – Specifications**

**2.1.1**  
**Online Fillable Forms**

Due to the very low volume of paper Forms 1099–CAP, 1099–LTC, 1099–SA, 3922, 5498–ESA, and 5498–SA received and processed by the IRS each year, these forms have been converted to an online fillable format. New Forms 1099–QA and 5498–QA are also in an online fillable format. **Note.** The instructions for substitute Forms 1042–S, also an online fillable format, are found separately in *Part 5*.

The Copy A of the Forms 1099–CAP, 1099–LTC, 1099–SA, 3922, 5498–ESA, and 5498–SA has been removed from the Exhibits in *Part 6*. These forms in their fillable format, as well as Forms 1099–QA, 5498–QA and 1042–S, can be found at [www.irs.gov](http://www.irs.gov) under the Forms and Pubs tab.

All the instructions regarding the substitute forms found in *Part I, sections 2.1.2, 2.1.7, 2.1.9, and 2.1.10*, and the remainder of this publication, unless specified differently immediately below, remain in effect if you are going to produce the online fillable forms as paper or online substitute forms.

- Copy A of privately printed substitutes of the forms listed above must be exact replicas of the official forms with respect to layout and content. Use the official form, found on [IRS.gov](http://IRS.gov), printed actual size on an 8½” by 11” sheet of paper. The forms will print one to a page.
- All printing must be in high quality non-gloss black ink.
- Paper for Copy A must be white chemical wood bond, or equivalent, 20 pound (basis 17 x 22–500), plus or minus 5 percent; or offset book paper, 50 pound (basis 25 x 38–500). No optical brighteners may be added to the pulp or paper during manufacture. The paper must consist of principally bleached chemical wood pulp or recycled printed paper. It also must be suitably sized to accept ink without feathering.

**2.1.2**  
**General Requirements**

Form identifying numbers (for example, 9191 for Form 1099–DIV) must be printed in nonreflective black carbon-based ink in print positions 15 through 19 using an optical character recognition (OCR) A font. The check boxes to the right of the form identifying numbers must be 10–point boxes. The “VOID” checkbox is in print position 25 (1.9” from left vertical line of the form). The “CORRECTED” check box is in print position 33 (2.7” from left vertical line of the form). Measurements are generally from the left edge of the paper, not including the perforated strip.

The substitute form Copy A must be an exact replica of the official IRS form with respect to layout and content. To determine the correct form measurements, see *Exhibits A through Y* at the end of this publication.

Hot wax and cold carbon spots are not permitted on any of the internal form plies. These spots are permitted on the back of a mailer top envelope ply.

Use of chemical transfer paper for Copy A is acceptable.

The Government Printing Office (GPO) symbol must be deleted.

**2.1.3**  
**Color and Paper Quality**

Color and paper quality for Copy A (cut sheets and continuous pinfeed forms) as specified by JCP Code 0–25, dated November 29, 1978, must be white 100% bleached chemical wood, OCR bond produced in accordance with the following specifications.

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

Acidity: Ph value, average, not less than	4.5
Basis Weight: 17 x 22–500 cut sheets	18–20
Metric equivalent–g/m <sup>2</sup>	75
A tolerance of ±5 pct. is allowed.	
Stiffness: Average, each direction, not less than-milligrams	50
Tearing strength: Average, each direction, not less than-grams	40
Opacity: Average, not less than-percent	82
Thickness: Average-inch	0.0038
Metric equivalent-mm	0.097
A tolerance of +0.0005 inch (0.0127 mm) is allowed. Paper cannot vary more than 0.0004 inch (0.0102 mm) from one edge to the other.	
Porosity: Average, not less than-seconds	10
Finish (smoothness): Average, each side-seconds	20–55
For information only, the Sheffield equivalent-units	170–100
Dirt: Average, each side, not to exceed-parts per million	8

**2.1.4  
Chemical Transfer Paper**

Chemical transfer paper is permitted for Copy A only if the following standards are met.

- Only chemically backed paper is acceptable for Copy A. Front and back chemically treated paper cannot be processed properly by machine.
- Carbon-coated forms are not permitted.
- Chemically transferred images must be black.

All copies must be clearly legible. Fading must be minimized to assure legibility.

**2.1.5  
Printing**

All print on Copy A of Forms 1097–BTC, 1098, 1099, 3921, 3922, 5498, and the print on Form 1096 above the statements, “Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.” must be in Flint J–6983 red OCR dropout ink or an exact match. However, the four-digit form identifying number must be in nonreflective carbon-based black ink in OCR A font.

The shaded areas of any substitute form should generally correspond to the format of the official form.

The printing for the Form 1096 statement and the following text may be in any shade or tone of black ink. Black ink should only appear on the lower part of the reverse side of Form 1096, where it will not bleed through and interfere with scanning.

**Note.** The instructions on the front and back of Form 1096, which include filing addresses, must be printed.

Separation between fields must be 0.1 inch.

Other printing requirements are discussed in *Sections 2.1.5 through 2.1.9.*

**2.1.6  
OCR Specifications**

You must initiate or have a quality control program to assure OCR ink density. Readings will be made when printed on approved 20 lb. white OCR bond with a reflectance of not less than 80%. Black ink must not have a reflectance greater than 15%. These readings are based on requirements of the “Scan-Optics Series 9000” Optical Scanner using Flint J–6983 red OCR dropout ink or an exact match.

The following testers and ranges are acceptable:

**Important information:** The forms produced under these specifications must be guaranteed to function properly when processed through High Speed Scan-Optics 9000 mm scanners. Forms require precision spacing, printing, and trimming.

Density readings on the solid J-6983 (red) must be between the ranges of 0.95 to 0.90. The optimal scanning range is 0.93. Density readings on the solid black must be between the ranges of 112 to 108. The optimal scanning range is 110.

**Note.** The readings are taken using an Ex-Rite 500 series densitometer, in Status T with Obsolute or – paper setting under an Illuminate 5000 Kelvin Watt Light. You must maintain print contrast specification of ink and densitometer reflectivity reading throughout entire production run.

- *MacBeth PCM-II.* The tested Print Contrast Signal (PCS) values when using the MacBeth PCM-II tester on the “C” scale must range from .01 minimum to .06 maximum.
- *Kidder 082A.* The tested PCS values when using the Kidder 082A tester on the Infra Red (IR) scale must range from .12 minimum to .21 maximum. White calibration disc must be 100%. Sensitivity must be set at one (1).
- Alternative testers must be approved by the IRS to establish tested PCS values. You may obtain approval by writing to the following address:

Commissioner of Internal Revenue  
Attn: SE:W:CAR:MP:P:TP  
Business Publishing – Tax Products  
5000 Ellin Road  
Lanham, MD 20706

### 2.1.7 Typography

Type must be substantially identical in size and shape to the official form. All rules are either ½-point or ¾-point. Rules must be identical to those on the official IRS form.

**Note.** The form identifying number must be nonreflective carbon-based black ink in OCR A font.

### 2.1.8 Dimensions

Generally, three Copies A of Forms 1098, 1099, 3921, and 3922 are contained on a single page, 8 inches wide (without any snap-stubs and/or pinfeed holes) by 11 inches deep.

**Exceptions.** Forms 1097-BTC, 1098, 1098-Q, 1099-B, 1099-DIV, 1099-INT, 1099-K, 1099-MISC, 1099-OID, 1099-R, and 5498, contain two documents per page. Forms 1098-C and 1042-S are a single page documents.

There is a .33 inch top margin from the top of the corrected box, and a .2 to .25 inch right margin, with a +/- 1/20 (0.05) inch tolerance for the right margin. If the right and top margins are properly aligned, the left margin for all forms will be correct. All margins must be free of print. See *Exhibits A through Y* in this revenue procedure for correct form measurements.

These measurements are constant for certain Forms 1098, 1099, and 5498. These measurements are shown only once in this publication, on Form 1098-E (*Exhibit E*). Exceptions to these measurements and form-specific measurements are shown on the rest of the exhibits.

The depth of the individual trim size of each form on a page must be 3<sup>2</sup>/<sub>3</sub> inches, the same depth as the official form, or otherwise indicated.

**Exceptions.** The depth of Forms 1097-BTC, 1098, 1098-Q, 1099-B, 1099-DIV, 1099-INT, 1099-K, 1099-MISC, 1099-OID, 1099-R, and 5498 is 5-<sup>1</sup>/<sub>2</sub> inches.

### 2.1.9 Perforation

Copy A (three per page and two per page) of privately printed continuous substitute forms must be perforated at each 11” page depth. No perforations are allowed between forms on the Copy A page.

**Exception.** Copy A of Form W-2G may be perforated.

The words “Do Not Cut or Separate Forms on This Page” must be printed in red dropout ink (as required by form specifications) between the three or two forms per page. This statement should not be included after the last form on the page.

Separations are required between all the other individual copies (Copies B and C, and Copies 1 and 2 of Forms 1099-B, 1099-DIV, 1099-G, 1099-INT, 1099-K, 1099-MISC, 1099-OID, 1099-R, and Copy D for Forms 1099-LTC, 1099-R, and 1042-S) in the set. Any recipient copies printed on a single sheet of paper must be easily separated. The best method of separation is to provide perforations between the individual copies. Each copy should be easily distinguished whatever method of separation is used.

**Note.** Perforation does not apply to printouts of copies that are furnished electronically to recipients (as described in Regulations section 31.6051-1(k)).

However, these recipients should be cautioned to carefully separate any copies. See *Section 4.6.1*, later, for information on electronically furnishing statements to recipients.

### **2.1.10 Required Inclusions/ Exclusions**

You must include the OMB Number on Copies A and Form 1096 in the same location as on the official form.

The following Privacy Act and Paperwork Reduction Act Notice phrases must be printed on Copy A of the forms as follows. It also must be printed on the Copy C, D, or E of the form retained by the filer.

- “For Privacy Act and Paperwork Reduction Act Notice, see the current version of the General Instructions for Certain Information Returns” on Forms 3921 and 3922.
- “For more information and the Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns” on Form 1096.
- “For Privacy Act and Paperwork Reduction Act Notice, see instructions” on Form 1042-S.
- “For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns” must be printed on all other forms listed in *Section 1.1.2*.

A postal indicia may be used if it meets the following criteria.

- It is printed in the OCR ink color prescribed for the form.
- No part of the indicia is within one print position of the scannable area.

The printer’s symbol (GPO) must not be printed on substitute Copy A. Instead, the employer identification number (EIN) of the form’s printer must be entered in the bottom margin on the face of each individual form of Copy A, or on the bottom margin on the back of each Form 1096.

The Catalog Number (Cat. No.) shown on the forms is used for IRS distribution purposes and should not be printed on any substitute forms.

The form must not contain the statement “IRS approved” or any similar statement.

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## **Section 2.2 – Instructions for Preparing Paper Forms That Will Be Filed With the IRS**

### **2.2.1 Recipient Information**

The form recipient’s name, street address, city, state, ZIP code, and telephone number (if required) should be typed or machine printed in black ink in the same format as shown on the official IRS form. The city, state, and ZIP code must be on the same line.

The following rules apply to the form recipient’s name(s).

- The name of the appropriate form recipient must be shown on the first or second name line in the area provided for the form recipient’s name.



- No descriptive information or other name may precede the form recipient’s name.
- Only one form recipient’s name may appear on the first name line of the form.
- If multiple recipients’ names are required on the form, enter on the first name line the recipient name that corresponds to the recipient taxpayer identification number (TIN) shown on the form. Place the other form recipients’ names on the second name line (only 2 name lines are allowable).

Because certain states require that trust accounts be provided in a different format, filers generally should provide information returns reflecting payments to trust accounts with the:

- Trust’s employer identification number (EIN) in the recipient’s TIN area,
- Trust’s name on the recipient’s first name line, and
- Name of the trustee on the recipient’s second name line.

Although handwritten forms will be accepted, the IRS prefers that filers type or machine print data entries. Also, filers should insert data as directed by shading, or in the middle of blocks, well separated from other printing and guidelines, and take measures to guarantee clear, dark black, sharp images. Photocopies are not acceptable.

**Truncating payee identification number on payee statements.** Where permitted, filers may truncate a payee’s identification number (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on the payee statement (including substitute and composite substitute statements) furnished to the payee in paper form or electronically. Generally, the payee statement is that copy of an information return designated “Copy B” on the form. To truncate where allowed, replace the first 5 digits of the 9–digit number with asterisks (\*) or Xs (for example, an SSN xxx-xx-xxxx would appear on the paper payee statement as \*\*\*-\*\*-xxxx or XXX-XX-xxxx). See Treasury Decision 9675, 2014–31 I.R.B. 242, available at [www.irs.gov/irb/2014-31\\_IRB/ar07.html](http://www.irs.gov/irb/2014-31_IRB/ar07.html).

**Caution:** Recipient TINs must **not** be truncated on Copy A filed with the IRS.

## 2.2.2 Account Number Box

Use the account number box on all Forms 1098, 1099, 3921, 3922, 5498, and W–2G for an account number designation when required by the official IRS form. The account number is required if you have multiple accounts for a recipient for whom you are filing more than one information return of the same type. Additionally, the IRS encourages you to include the recipients’ account numbers on paper forms if your system of records uses the account number rather than the name or TIN for identification purposes. Also, the IRS will include the account number in future notices to you about backup withholding. If you are using window envelopes to mail statements to recipients and using reduced rate mail, be sure the account number does not appear in the window. The Postal Service may not accept these for reduced rate mail.

**Exception.** Form 1098–T can have third-party provider information.

## 2.2.3 Specifications and Restrictions

- Machine-printed forms should be printed using a 6 lines/inch option, and should be printed in 10 pitch pica (10 print positions per inch) or 12 pitch elite (12 print positions per inch). Proportional spaced fonts are unacceptable.
- Substitute forms prepared in continuous or strip form must be burst and stripped to conform to the size specified for a single sheet before they are filed with the IRS. The size specified does not include pin feed holes. Pin feed holes must not be present on forms filed with the IRS.
- Do **not** use a felt tip marker. The machine used to “read” paper forms generally cannot read this ink type.
- Do **not** use dollar signs (\$), ampersands (&), asterisks (\*), commas (,), or other special characters in the numbered money boxes. **Exception.** Use decimal points to indicate dollars and cents (for example, 2000.00 is acceptable).
- Do **not** use apostrophes (’), asterisks (\*), or other special characters on the payee name line.
- Do **not** fold Forms 1097–BTC, 1098, 1099, 3921, 3922, or 5498 mailed to the IRS. Mail these forms flat in an appropriately sized envelope or box. Folded documents cannot be readily moved through the machine used in IRS processing.

- Do **not** staple Forms 1096 to the transmitted returns. Any staple holes near the return code number may impair the IRS’s ability to machine scan the type of documents.
- Do **not** type other information on Copy A.
- Do **not** cut or separate the individual forms on the sheet of forms of Copy A (except Forms W–2G).

**2.2.4  
Where To File**

Mail completed paper forms to the IRS service center shown in the Instructions for Form 1096 and in the 2016 General Instructions for Certain Information Returns. Specific information needed to complete the forms mentioned in this revenue procedure are given in the specific form instructions. A chart showing which form must be filed to report a particular payment is included in the 2016 General Instructions for Certain Information Returns.

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**Part 3**  
**Specifications for Substitute Form W–2G (Filed With the IRS)**

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**Section 3.1 – General**

**3.1.1  
Purpose**

The following specifications give the format requirements for substitute Form W–2G (Copy A only), which is filed with the IRS.

A filer may use a substitute Form W–2G to file with the IRS (referred to as “substitute Copy A”). The substitute form must be an exact replica of the official form with respect to layout and content.

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**Section 3.2 – Specifications for Copy A of Form W–2G**

**3.2.1  
Substitute Form W–2G  
(Copy A)**

You must follow these specifications when printing substitute Copy A of the Form W–2G.

**Caution:** The payee’s TIN (SSN, ITIN, ATIN, or EIN) must **not** be truncated on Form W2–G.

<b>Item</b>	<b>Substitute Form W–2G (Copy A)</b>
Paper Color and Quality	Paper for Copy A must be white chemical wood bond, or equivalent, 20 pound (basis 17 x 22–500), plus or minus 5 percent. The paper must consist substantially of bleached chemical wood pulp. It must be free from unbleached or ground wood pulp or post-consumer recycled paper. It also must be suitably sized to accept ink without feathering.
Ink Color and Quality Typography	All printing must be in a high quality non gloss black ink. The type must be substantially identical in size and shape to the official form. All rules on the document are either ½ point (.007 inch), 1 point (0.015 inch), or 3 point (0.045). Vertical rules must be parallel to the left edge of the document, horizontal rules to the top edge.
Dimensions	The official form is 8 inches wide x 5½ inches deep, exclusive of a snap stub. Any substitute Copy A can be between 8 inches and 8½ inches wide by 5 inches deep. The snap feature is not required on substitutes. All margins must be free of print. There is a .33 inch top margin from the top of the corrected box, and a 1/2 inch left margin. If the top and left margins are properly aligned, the right margin for all forms will be correct. If the substitute forms are in continuous or strip form, they must be burst and stripped to conform to the size specified for a single form.

Item	Substitute Form W-2G (Copy A)
Hot Wax and Cold Carbon Spots	Hot wax and cold carbon spots are not permitted on any of the internal form plies. These spots are permitted on the back of a mailer top envelope ply.
Printer's Symbol	The Government Printing Office (GPO) symbol must not be printed on substitute Forms W-2G. Instead, the employer identification number (EIN) of the forms printer must be printed in the bottom margin on the face of each individual Copy A on a sheet. The form must not contain the statement "IRS approved" or any similar statement.
Catalog Number	The Catalog Number (Cat. No.) shown on Form W-2G is used for IRS distribution purposes and should not be printed on any substitute forms.

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**Part 4**  
**Substitute Statements to Form Recipients and Form Recipient Copies**

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**Section 4.1 – Specifications**

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**4.1.1**  
**Introduction**

If you do not use the official IRS form to furnish statements to recipients, you must furnish an acceptable substitute statement. Information presented in substitute statements should be in a point size large enough to be easily read by recipients. To be acceptable, your substitute statement must comply with the rules in this Part. If you are furnishing a substitute form, see Regulations sections 1.6042-4, 1.6044-5, 1.6049-6, and 1.6050N-1 to determine how the following statements must be provided to recipients for most Forms 1099-DIV and 1099-INT, all Forms 1099-OID and 1099-PATR, and Form 1099-MISC or 1099-S for royalties. Generally, information returns may be furnished electronically with the consent of the recipient. See *Section 4.6.1*.

**Note.** A trustee of a grantor-type trust may choose to file Forms 1099 and furnish a statement to the grantor under Regulations sections 1.671-4(b)(2)(iii) and (b)(3)(ii). The statement required by those regulations is not subject to the requirements outlined in this section.

**4.1.2**  
**Substitute Statements to Recipients for Certain Forms 1099-B, 1099-DIV, 1099-INT, 1099-OID, and 1099-PATR**

The rules in this section apply to Form 1099-B, 1099-DIV (except for section 404(k) dividends), 1099-INT (except for interest reportable under section 6041), 1099-OID, and 1099-PATR only. You may furnish form recipients with Copy B of the official Form 1099 or a substitute Form 1099 (recipient statement) if it contains the same information as the official IRS form (such as aggregate amounts paid to the form recipient, any backup withholding, the name, address, and TIN of the person making the return, and any other information required by the official form). Information not required by the official form should not be included on the substitute form except for state income tax withholding information.

**Note.** Many of the information returns now include boxes for providing state withholding information as part of the official form, with additional copies for convenience. Payers may, however, provide the state withholding information separately (such as on a separate page or section) in order to assist the payee with completing a state income tax return that requires the attachment of any information return that includes state withholding amounts and payer numbers.

**Exception for supplementary information.** The substitute form may include supplementary information that will assist the payee with completing his or her tax return. Such information could include expense and cost basis factors related to the reporting for widely held fixed investment trusts (WHFITs), as required under Regulation section 1.671-5. The substitute statement should disclose to the payee that such supplementary information is not furnished to the

IRS. See *Section 4.3* for additional requirements when providing supplemental information with the Form 1099–B that is not furnished to the IRS.

**Form 1099–B.** For transactions reportable on Form 8949, brokers that use substitute statements should segregate dispositions of noncovered securities from covered securities, and further segregate long-term and short-term dispositions of covered securities. They may also segregate long-term from short-term dispositions of noncovered securities, to the extent that date acquired is known. For 2016 dispositions, the substitute Forms 1099–B may have up to five separate sections, each with a heading identifying which securities are included in the list, and each separately totaled. Each section, after totaling or within the heading for the section, should indicate how to report the transactions on Form 8949, as indicated.

1. Short-term transactions for which basis **is** reported to the IRS— Report on Form 8949, **Part I**, with **Box A** checked.
2. Short-term transactions for which basis **is not** reported to the IRS— Report on Form 8949, **Part I**, with **Box B** checked.
3. Long-term transactions for which basis **is** reported to the IRS— Report on Form 8949, **Part II**, with **Box D** checked.
4. Long-term transactions for which basis **is not** reported to the IRS— Report on Form 8949, **Part II**, with **Box E** checked.
5. Transactions for which basis **is not** reported to the IRS and for which short-term or long-term determination is unknown (to Broker). You must determine short-term or long-term based on your records and report on Form 8949, Part I, with **Box B** checked, or on Form 8949, Part II, with **Box E** checked, as appropriate.

For each section, each transaction may include information not reported to the IRS, such as basis, date acquired, and gain or loss. Therefore, for short-term dispositions where basis was not reported to the IRS, basis and date acquired may be shown just as it would be shown for short-term dispositions where basis was reported to the IRS.

For 2016 dispositions, each of the applicable sections must have Sales Price and Cost or Other Basis (if known) separately totaled. Net gain or loss, if included for any of the sections, may also be totaled.

Brokers may also use substitute Form 1099–B for transactions that are not directly reported on Form 8949. Examples include transactions involving regulated futures contracts, foreign currency contracts, and section 1256 option contracts. Any additional sections created for this purpose should be segregated from those transactions directly reportable on Form 8949.

The substitute form requirements in the following paragraphs also apply to Form 1099–B.

**Forms 1099–INT, DIV, OID, and PATR.** A substitute recipient statement for Form 1099–INT, 1099–DIV, 1099–OID, or 1099–PATR must comply with the following requirements.

- Box captions and numbers that are applicable must be clearly identified, using the same wording and numbering as on the official form.
- The recipient statement (Copy B) must contain all applicable recipient instructions as provided on the front and back of the official IRS form. You may provide those instructions on a separate sheet of paper.
- The box caption “**Federal income tax withheld**” must be in boldface type or otherwise highlighted on the recipient statement.
- The recipient statement must contain the Office of Management and Budget (OMB) number as shown on the official IRS form. See *Section 5.2*.
- The recipient statement must contain the tax year (for example, 2016), form number (for example, Form 1099–INT), and form name (for example, Interest Income) of the official IRS Form 1099. This information must be displayed prominently together in one area of the statement. For example, the tax year, form number, and form name could be shown in the upper right part of the statement. Each copy must be appropriately labeled (such as Copy B, For Recipient). See *Section 4.5.2* for

applicable labels and arrangement of assembly of forms. **Note.** Do not include the words “Substitute for” or “In lieu of” on the recipient statement.

- Layout and format of the statement is at the discretion of the filer. However, the IRS encourages the use of boxes so that the statement has the appearance of a form and can be easily distinguished from other non-tax statements.
- Each recipient statement of Forms 1099-B, 1099-DIV, 1099-INT, 1099-OID, and 1099-PATR must include the direct access telephone number of an individual who can answer questions about the statement. Include that telephone number conspicuously anywhere on the recipient statement.

A mutual fund family may furnish one statement (for example, one piece of paper) on which it reports the dividend income earned by a recipient from multiple funds within the family of mutual funds, as required by Form 1099-DIV. However, each fund and its earnings must be stated separately. The statement must contain an instruction to the recipient that each fund’s dividends and name, not the name of the mutual fund family, must be reported on the recipient’s tax return. The statement cannot contain an aggregate total of all funds. In addition, a mutual fund family may furnish a single statement (as a single filer) for Forms 1099-INT, 1099-DIV, and 1099-OID information (see *Section 4.2.1*, later). Each fund and its earnings must be stated separately. The statement must contain an instruction to the recipient that each fund’s earnings and name, not the name of the mutual fund family, must be reported on the recipient’s tax return. The statement cannot contain an aggregate total of all funds.

You may enter a total of the individual accounts listed on the statement only if they have been paid by the same payer. For example, if you are listing interest paid on several accounts by one financial institution on Form 1099-INT, you may also enter the total interest amount. You may also enter a date next to the corrected box if that box is checked.

#### **4.1.3 Substitute Statements to Recipients for Certain Forms 1098, 1099, 5498, and W-2G**

Statements to form recipients for Forms 1097-BTC, 1098, 1098-C, 1098-E, 1098-MA, 1098-Q, 1098-T, 1099-A, 1099-C, 1099-CAP, 1099-G, 1099-K, 1099-LTC, 1099-MISC, 1099-Q, 1099-QA, 1099-R, 1099-S, 1099-SA, 3921, 3922, 5498, 5498-ESA, 5498-QA, 5498-SA, W-2G, 1099-DIV (only for section 404(k) dividends reportable under section 6047), and 1099-INT (only for interest of \$600 or more made in the course of a trade or business reportable under section 6041) can be copies of the official forms or an acceptable substitute.

**Caution:** The IRS does not require a donee to use Form 1098-C as the written acknowledgment for contributions of motor vehicles, boats, and airplanes. However, if you choose to use copies of Form 1098-C or an acceptable substitute as the written acknowledgment, then you must follow the requirements of this section.

To be acceptable, a substitute recipient statement must meet the following requirements.

- The tax year, form number, and form name must be the same as the official form and must be displayed prominently together in one area on the statement. For example, they may be shown in the upper right part of the statement.
- The statement must contain the same information as the official IRS form, such as aggregate amounts paid to the form recipient, any backup withholding, the name, address, and TIN of the filer and of the recipient, and any other information required by the official form.
- Each substitute recipient statement for Forms W-2G, 1097-BTC, 1098, 1098-C, 1098-E, 1098-T, 1099-A, 1099-C, 1099-CAP, 1099-DIV, 1099-G (excluding state and local income tax refunds), 1099-K, 1099-INT, 1099-LTC, 1099-MISC (excluding fishing boat proceeds), 1099-Q, 1099-R (for qualified long-term care insurance contracts under combined arrangements only), 1099-S, 1099-SA, and 5498-SA must include the direct access telephone number of an individual who can answer questions about the statement.
- Include the telephone number conspicuously anywhere on the recipient statement. Although not required, payers reporting on 1099-QA, Forms 1099-R (payments other than qualified long-term care insurance contracts under combined arrangements), 3921, 3922, 5498, 5498-ESA, and 5498-QA are encouraged to furnish telephone numbers at which recipients of the forms(s) can reach a person familiar with information reported.



- All applicable money amounts and information, including box numbers required to be reported to the form recipient must be titled on the recipient statement in substantially the same manner as those on the official IRS form. The box caption “**Federal income tax withheld**” must be in boldface type on the recipient statement.

**Exception.** If you are reporting a payment as “Other income” in box 3 of Form 1099–MISC, you may substitute appropriate language for the box title. For example, for payments of accrued wages and leave to a beneficiary of a deceased employee, you might change the title of box 3 to “Beneficiary payments” or something similar.

**Note.** You cannot make this change on Copy A.

- If federal income tax is withheld and shown on Form 1099–R or W–2G, Copy B and Copy C must be furnished to the recipient. If federal income tax is not withheld, only Copy C of Form 1099–R and W–2G must be furnished. However, for Form 1099–R, instructions similar to those on the back of the official Copy B and Copy C of Form 1099–R must be furnished to the recipient. For convenience, you may choose to provide both Copies B and C of Form 1099–R to the recipient.
- You must provide appropriate instructions to the form recipient similar to those on the official IRS form, to aid in the proper reporting on the form recipient’s income tax return. For payments reported on Forms 1099–B, and 1099–CAP, the requirement to include instructions substantially similar to those on the official IRS form may be satisfied by providing form recipients with a single set of instructions for all Forms 1099–B and 1099–CAP statements required to be furnished in a calendar year.
- If you use carbonless sets to produce recip. statements, the quality of each copy in the set must meet the following standards.

1. All copies must be clearly legible.
2. All copies must be able to be photocopied.
3. Fading must not diminish legibility and the ability to photocopy.

- In general, black chemical transfer inks are preferred, but other colors are permitted if the above standards are met. Hot wax and cold carbon spots are not permitted on any of the internal form plies. The back of a mailer top envelope ply may contain these spots.
- You may use a Settlement Statement (under the Real Estate Settlement Procedures Act of 1974 (RESPA)) for Form 1099–S. The Settlement Statement is acceptable as the written statement to the transferor if you include the legend for Form 1099–S found in *Section 4.4.2* and indicate which information on the Settlement Statement is being reported to the IRS on Form 1099–S.
- For reporting state income tax withholding and state payments, you may add an additional box(es) to recipient copies as appropriate. In addition, the state withholding information may be provided separate and apart from the other information in the event the recipient must attach a copy to the recipient’s tax return. **Note.** You cannot make this change on Copy A.
- On Copy C of Form 1099–LTC, you may reverse the location of the policyholder’s and the insured’s name, street address, city, state, and ZIP code for easier mailing.
- If an institution insurer uses a third party service provider to file Form 1098–T, then in addition to the institution or insurers name, address, and telephone number, the same information may be included for the third party service provider in the space provided on the form.
- Forms 1099–A and 1099–C transactions, if related, may be combined on Form 1099–C.

## Section 4.2 – Composite Statements

### 4.2.1 Composite Substitute Statements for Certain Forms 1099–B, 1099- DIV, 1099–INT, 1099–MISC, 1099–OID, 1099- PATR and 1099–S

A composite recipient statement is permitted for reportable payments consisting of the proceeds of brokerage and barter transactions, dividends, interest, original issue discount, patronage dividends, and royalties. The following forms may be included on a composite substitute statement, when one payer is reporting more than one of these payments during a calendar year to the same form recipient.



- Form 1099–B.
- Form 1099–DIV (except for section 404(k) dividends).
- Form 1099–INT (except for interest reportable under section 6041).
- Form 1099–MISC (only for royalties or substitute payments in lieu of dividends and interest).
- Form 1099–OID.
- Form 1099–PATR.
- Form 1099–S (only for royalties).

Generally, do not include any other Form 1099 information (for example, 1099–A or 1099–C) on a composite statement with the information required on the forms listed in the preceding sentence.

Although the composite recipient statement may be on one sheet, the format of the composite recipient statement must satisfy the following requirements in addition to the requirements listed earlier in *Section 4.1.2, 4.3 and 4.4*, as applicable.

- All information pertaining to a particular type of payment must be located and blocked together on the form and separate from any information covering other types of payments included on the form. For example, if you are reporting interest and dividends, the Form 1099–INT information must be presented separately from the Form 1099–DIV information.
- The composite recipient statement must prominently display the form number and form name of the official IRS form together in one area at the beginning of each appropriate block of information. The tax year must only be placed on each block of information if it is not prominently displayed elsewhere on the page on which the information appears.
- Any information required by the official IRS forms that would otherwise be repeated in each information block is required to be listed only once in the first information block on the composite form. For example, there is no requirement to report the name of the filer in each information block. This rule does not apply to any money amounts (for example, federal income tax withheld) or to any other information that applies to money amounts.
- A composite statement is an acceptable substitute only if the type of payment and the recipient’s tax obligation with respect to the payment are as clear as if each required statement were furnished separately on an official form.

#### **4.2.2 Composite Substitute Statements to Recipients for Forms Specified in Section 4.1.3**

A composite recipient statement for the forms specified in *Section 4.1.3* is permitted when one filer is reporting more than one type of payment during a calendar year to the same form recipient. A composite statement is not allowed for a combination of forms listed in *Section 4.1.3* and forms listed in *Section 4.1.2*.

#### **Exceptions:**

- Substitute payments in lieu of dividends or interest reported in Box 8 of Form 1099–MISC may be reported on a composite substitute statement with Form 1099–DIV.
- Form 1099–B information may be reported on a composite form with the forms specified in *Section 4.1.2* as described in *Section 4.2.1*.
- Royalties reported on Form 1099–MISC or 1099–S may be reported on a composite form only with the forms specified in *Section 4.1.2*.

Although the composite recipient statement may be on one sheet, the format of the composite recipient statement must satisfy the requirements listed in *Section 4.2.1* as well as the requirements in *Section 4.1.3*. A composite statement of Forms 1098 and 1099–INT (for interest reportable under section 6049) is not allowed.

## Section 4.3 – Additional Information for Substitute and Composite Forms 1099–B

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### 4.3.1 General Requirements for Presenting Additional 1099- B Information

A filer may include Form 1099–B information on a composite form with the forms listed in *Section 4.1.2*. Therefore, supporting, explanatory, or comparable relevant information for covered and noncovered lots on the 1099–B portion of the composite statement can be included. This information includes display on the payee statement of data elements such as basis for noncovered lots, explanatory remarks on permissible basis adjustments for covered lots descriptions of the type of transaction (merger, buy to close, redemption, etc.), identification of contingent payment debt obligations, and lot relief methods.

If you wish to provide additional information to the investor on the same substitute recipient Form 1099–B, the form must follow the rules set forth in this *Section 4.3* and should clearly delineate how the information is presented. Any information presented should make reference to its corresponding number on the official form as appropriate. You should clearly categorize each type of information you are reporting.

### 4.3.2 Added Legend for Providing Additional 1099- B Information

An additional separate legend is required that explains exactly which pieces of information are and which are not reported to the IRS to the extent, if any, the information is not already identified as not being reported to the IRS as described in *Section 4.1.2*. It should clearly explain how the information is presented. You may present this legend in a way that is consistent with your design as long as it clearly indicates which information is being provided to the IRS. Additionally, a reminder to taxpayers that they are ultimately responsible for the accuracy of their tax returns is also required.

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## Section 4.4 – Required Legends

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### 4.4.1 Required Legends for Forms 1098

Form 1098 recipient statements (Copy B) must contain the following legends:

- Form 1098
  1. “The information in boxes 1 through 9 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for the mortgage interest or for these points, reported in boxes 1 and 6; or because you did not report the refund of interest (box 4); or because you claimed a non-deductible item.”
  2. **Caution:** “The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.”
- Form 1098–C -:Copy B - “In order to take a deduction of more than \$500 for this contribution, you must attach this copy to your federal tax return. **Unless box 5a or 5b is checked, your deduction cannot exceed the amount in box 4c.**”Copy C - “This information is being furnished to the Internal Revenue Service unless box 7 is checked.”
- Form 1098–E - “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for student loan interest.”
- Form 1098–MA - “This is important tax information and is being furnished to the Internal Revenue Service.”
- Form 1098–Q - “This information is being furnished to the Internal Revenue Service.”

#### 4.4.2 Required Legends for Forms 1099 and W-2G

- Form 1098-T - “This is important tax information and is being furnished to the Internal Revenue Service. This form must be used to complete Form 8863 to claim education credits. Give it to the tax preparer or use it to prepare the tax return.”
- Forms 1099-A, 1099-C, and 1099-CAP: Copy B - “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.”
- Forms 1099-B, 1099-DIV, 1099-G, 1099-INT, 1099-K, 1099-MISC, 1099-OID, 1099-PATR, 1099-Q and 1099-QA: Copy B- “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.”
- Form 1099-LTC: Copy B - “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.” Copy C - “Copy C is provided to you for information only. Only the policyholder is required to report this information on a tax return.”
- Form 1099-R: **Copy B - “Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.”** Copy C - “This information is being furnished to the Internal Revenue Service.”
- Form 1099-S: Copy B - “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.”
- Form 1099-SA: Copy B - “This information is being furnished to the Internal Revenue Service.”
- Form W-2G: **Copy B - “This information is being furnished to the Internal Revenue Service. Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.”** Copy C - “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.”

#### 4.4.3 Required Legends for Forms 1097-BTC, 3921, 3922, and 5498

- Form 1097-BTC: Copy B - “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if an amount of tax credit exceeding the amount reported on this form is claimed on your income tax return.”
- Form 3921: Copy B - “This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.” Copy C - “This copy should be retained by the corporation whose stock has been transferred under Section 422(b).”
- Form 3922: Copy B - “This is important tax information and is being furnished to the Internal Revenue Service.” Copy C - “This copy should be retained by the corporation.”
- Form 5498: Copy B - “This information is being provided to the Internal Revenue Service.” **Note.** If you do not provide another statement to the participant because no contributions were made for the year, the statement of the fair market value and any required minimum distribution, of the account must contain this legend and a designation of which information is being provided to the IRS.
- Forms 5498-ESA, 5498-QA and 5498-SA: Copy B - “This information is being furnished to the Internal Revenue Service.”

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### Section 4.5 – Miscellaneous Instructions for Copies B, C, D, E, 1, and 2

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#### 4.5.1 Copies

Copies B, C, and in some cases, D, E, 1 and 2 are included in the official assembly for the convenience of the filer. You are not legally required to include all these copies with the privately

printed substitute forms. Furnishing Copies B and, in some cases C will satisfy the legal requirement to provide statements of information to form recipients.

**Note.** If an amount of federal income tax withheld is shown on Form 1099–R or W–2G, Copy B (to be attached to the tax return) and Copy C must be furnished to the recipient. Copy D (Forms 1099–R and W–2G) may be used for payer records. Only Copy A should be filed with the IRS.

**4.5.2  
Arrangement of Assembly**

Copy A (“For Internal Revenue Service Center”) of all forms must be on top. The rest of the assembly must be arranged, from top to bottom, as follows. For:

Form	Title
1098	Copy B “For Payer/Borrower”; Copy C “For Recipient/Lender.”
1098–C	Copy B “For Donor”; Copy C “For Donor’s Records”; Copy D “For Donee.”
1098–E	Copy B “For Borrower”; Copy C “For Recipient.”
1098–MA	Copy B “For Homeowner”; Copy C “For Filer.”
1098–Q	Copy B “For Participant”; Copy C “For Issuer”
1098–T	Copy B “For Student”; Copy C “For Filer.”
1099–A	Copy B “For Borrower”; Copy C “For Lender.”
1097–BTC, 1099–PATR, 1099–Q and 1099–QA	Copy B “For Recipient”; Copy C “For Payer.”
1099–C	Copy B “For Debtor”; Copy C “For Creditor.”
1099–CAP	Copy B “For Shareholder”; Copy C “For Corporation.”
1099–B, 1099–DIV, 1099–G, 1099–INT, 1099–MISC and 1099–OID	Copy 1 “For State Tax Department”; Copy B “For Recipient”; Copy 2 “To be filed with recipient’s state income tax return, when required”; and Copy C “For Payer.”
1099–K	Copy 1 “For State Tax Department”; Copy B “For Payee”; Copy 2 “To be filed with the recipient’s state income tax return, when required”; Copy C “For Filer.”
1099–LTC	Copy B “For Policyholder”; Copy C “For Insured”; and Copy D “For Payer.”
1099–R	Copy 1 “For State, City, or Local Tax Department”; Copy B “Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return”; Copy C “For Recipient’s Records”; Copy 2 “File this copy with your state, city, or local income tax return, when required”; Copy D “For Payer.”
1099–S	Copy B “For Transferor”; Copy C “For Filer.”
1099–SA	Copy B “For Recipient”; Copy C “For Trustee/Payer.”
3921	Copy B “For Employee”; Copy C “For Corporation”; Copy D “For Transferor.”
3922	Copy B “For Employee”; Copy C “For Corporation.”
5498	Copy B “For Participant”; Copy C “For Trustee or Issuer.”
5498–ESA	Copy B “For Beneficiary”; Copy C “For Trustee.”
5498–QA	Copy B “For Beneficiary” and Copy C “For Issuer.”
5498–SA	Copy B “For Participant”; Copy C “For Trustee.”

Form	Title
W-2G	Copy 1 “For State, City, or Local Tax Department”; Copy B “Report this income on your federal tax return. If this form shows federal income tax withheld in box 2, attach this copy to your return”; Copy C “For Winner’s Records”; Copy 2 “Attach this copy to your state, city, or local income tax return, if required”; Copy D “For Payer.”
1042-S	Copy B “For Recipient”; Copies C and D “For Recipient” and “Attach to any federal tax return you file”; Copy E “For Withholding Agent.”

**4.5.3  
Perforations**

Instructions for perforation of forms can be found in *Section 2.1.8*, earlier.

**Section 4.6 – Electronic Delivery of Recipient Statements**

**4.6.1  
Electronic Recipient  
Statements**

If you are required to furnish a written statement (Copy B or an acceptable substitute) to a recipient, then you may furnish the statement electronically instead of on paper. This includes furnishing the statement to recipients of Forms 1098, 1098-E, 1098-MA, 1098-Q, 1098-T, 1099-A, 1099-B, 1099-C, 1099-CAP, 1099-DIV, 1099-G, 1099-H, 1099-INT, 1099-K, 1099-LTC, 1099-MISC, 1099- OID, 1099-PATR, 1099-Q, 1099-QA, 1099-R, 1099-S, 1099-SA, 3921, 3922, 5498, 5498-ESA, 5498-QA, and 5498-SA. It also includes Form W-2G (except for horse and dog racing, jai alai, sweepstakes, wagering pools, and lotteries).

**Note.** Until further guidance is issued, you cannot furnish Form 1098-C electronically. Perforation (see *Section 2.1.8*, earlier) does not apply to printouts of copies of forms that are furnished electronically to recipients. However, recipients should be cautioned to carefully separate the copies.

If you meet the requirements listed in *Sections 4.6.2 and 4.6.3*, you are treated as furnishing the statement timely.

**4.6.2  
Consent**

The recipient must consent in the affirmative and not have withdrawn the consent before the statement is furnished. The consent by the recipient must be made electronically in a way that shows that he or she can access the statement in the electronic format in which it will be furnished. You must notify the recipient of any hardware or software changes prior to furnishing the statement. A new consent to receive the statement electronically is required after the new hardware or software is put into service. Prior to furnishing the statements electronically, you must provide the recipient a statement with the following statements prominently displayed.

- If the recipient does not consent to receive the statement electronically, a paper copy will be provided.
- The scope and duration of the consent. For example, whether the consent applies to every year the statement is furnished or only for the January 31 (February 15 for Forms 1099-B, 1099-S, and 1099-MISC with payments reported in boxes 8 or 14) immediately following the date of the consent.
- How to obtain a paper copy after giving consent.
- How to withdraw the consent. The consent may be withdrawn at any time by furnishing the withdrawal in writing (electronically or on paper) to the person whose name appears on the statement. Confirmation of the withdrawal also will be in writing (electronically or on paper).
- Notice of termination. The notice must state under what conditions the statements will no longer be furnished to the recipient.
- Procedures to update the recipient’s information.
- A description of the hardware and software required to access, print and retain a statement, and a date the statement will no longer be available on the website.

### 4.6.3 Format, Posting, and Notification

Additionally, you must:

- Ensure the electronic format contains all the required information and complies with the guidelines in this document,
- Post, on or before the January 31 (February 15 for Forms 1099-B, 1099-S, and 1099-MISC with payments reported in boxes 8 or 14) due date, the applicable statement on a website accessible to the recipient through October 15 of that year, and
- Inform the recipient, electronically or by mail, of the posting and how to access and print the statement.

For more information, see Regulations section 31.6051-1. For electronic furnishing of Forms 1098-E and 1098-T, see Regulations sections 1.6050S-2 and 1.6050S-4. For electronic furnishing of Forms 1099-K, see Regulations section 1.6050W-2. For electronic furnishing of Forms 1099-QA, and 5498-QA, see Prop. Regulations section 1.529A-7 (taxpayers may rely on the provisions of the proposed regulations). For electronic furnishing of Forms 1099-R, 1099-SA, 1099-Q, 5498, 5498-ESA, and 5498-SA, see Notice 2004-10, 2004-1 C.B. 433.

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## Part 5

### Additional Instructions for Substitute Forms 1098, 1097-BTC, 1099, 5498, W-2G, and 1042-S

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## Section 5.1 – Paper Substitutes for Form 1042-S

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### 5.1.1 Paper Substitutes

Paper substitutes of Copies A, B, C, and D **must** be identical to the Form 1042-S, Foreign Person’s U.S. Source Income Subject to Withholding, and may be privately printed without prior approval from the Internal Revenue Service.

**Note.** Copies A, B, C, and D of Form 1042-S may **not** contain multiple income types for the same recipient, that is, multiple rows of the top boxes 1–11 of the form. Only Copy E, retained by the withholding agent, can contain multiple income types.

### 5.1.2 Revisions

Form 1042-S is subject to annual review and possible change. Withholding agents and form suppliers are cautioned against overstocking supplies of the privately printed substitutes.

### 5.1.3 Obtaining Copies

Copies of the official form for the reporting year may be obtained from most Service offices. The Service provides only cut sheets of these forms. Continuous fan-fold/pin-fed forms are not provided.

### 5.1.4 Instructions For Withholding Agents

- Only original forms may be filed with the Service. Photocopies are not acceptable.
- The term “Recipient’s U.S. TIN” for an individual means the social security number (SSN), IRS individual taxpayer identification number (ITIN), or IRS adoption taxpayer identification number (ATIN), consisting of nine digits separated by hyphens as follows: 000-00-0000. For all other recipients, the term means employer identification number (EIN) or qualified intermediary employer identification number (QI-EIN). The QI-EIN designation includes a withholding foreign partnership employer identification number (WP-EIN) and a withholding foreign trust employer identification number (WT-EIN). The EIN and QI-EIN consist of nine digits separated by a hyphen as follows: 00-0000000. The taxpayer identification number (TIN) must be in one of these formats. **Note.** Digits must be separated by hyphens on paper statements in the formats listed.
- The term “Recipient’s GIIN” means the global intermediary identification number assigned to a recipient that is a participating FFI (including a reporting Model 2 FFI), registered deemed-compliant FFI (including a reporting Model 1 FFI), or other entity for chapter 4 purposes. **Note.** A GIIN consists of nineteen characters as follows: XXXXXXXX.XXXXXX.XX.XXX (6 characters followed by a period, 5 characters followed by a period, 2 characters followed by a period, and 3 final characters).
- Withholding agents are requested to type or machine print whenever possible, provide quality data entries on the forms (that is, use black ink and insert data in the middle of blocks well separated



from other printing and guidelines), and take other measures to guarantee a clear, sharp image. Withholding agents are not required, however, to acquire special equipment solely for the purpose of preparing these forms.

- The “AMENDED” and “PRO-RATA BASIS REPORTING” boxes must be printed at the top center of the form under the title and checked, if applicable.
- Substitute forms prepared in continuous or strip form must be burst and stripped to conform to the size specified for a single form before they are filed with the Service. The dimensions are found in *Section 5.1.5*, following. Computer cards are acceptable provided they meet all requirements regarding layout, content, and size.

**5.1.5  
Substitute Form 1042-S  
Format Requirements**

<b>Property</b>	<b>Substitute Form 1042-S Format Requirements</b>
Printing	Privately printed substitute Forms 1042-S must be exact replicas of the official forms with respect to layout and content. The Government Printing Office (GPO) symbol must be deleted. The exact dimensions are found below.
Box Entries	Only one type of income may be represented on Copies A, B, C, and D submitted to the IRS or furnished to recipients. Multiple income types may be shown on Copy E retained by withholding agents. All boxes on Copy A file with the IRS, and Copies B, C, and D furnished to recipients on the substitute form must conform to the official IRS form.
Color and Quality of Ink	All printing must be in high quality non-gloss black ink.
Typography	Type must be substantially identical in size and shape to corresponding type on the official form. All rules on the document are either 1 point (0.015”) or 3 point (0.045”). Vertical rules must be parallel to the left edge of the document; horizontal rules must be parallel to the top edge.
Assembly	If all five parts are present, the parts of the assembly shall be arranged from top to bottom as follows: Copy A (Original) “for Internal Revenue Service,” Copies B, C, and D “for Recipient,” and Copy E “for Withholding Agent.”
Color Quality of Paper	Paper for Copy A must be white chemical wood bond, or equivalent, 20 pound (basis 17 x 22-500), plus or minus 5 percent; or offset book paper, 50 pound (basis 25 x 38-500). No optical brighteners may be added to the pulp or paper during manufacture. The paper must consist of principally bleached chemical wood pulp or recycled printed paper. It also must be suitably sized to accept ink without feathering.
Dimensions	<ul style="list-style-type: none"> <li>• The dimensions for substitute Copies A, B, C, and D must match the IRS Form 1042-S in size and format.</li> <li>• The official form is 8 inches wide x 11 inches deep, exclusive of a 1/2 inch snap stub on the left side of the form. The snap feature is not required on substitutes.</li> <li>• Copies A, B, C, and D must conform to the official IRS form. No size variations are permitted.</li> </ul>
Other Copies	Copies B, C, and D must be furnished for the convenience of payees who must send a copy of the form with other federal and state returns they file. Copy E may be used as a withholding agent’s record/copy.

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## Section 5.2 – OMB Requirements for All Forms in This Revenue Procedure

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### 5.2.1 OMB Requirements

The Paperwork Reduction Act (the Act) of 1995 (Public Law 104–13) requires that:

- OMB approves all IRS tax forms that are subject to the Act. Each IRS form contains (in or near the upper right corner) the OMB approval number, if any. (The official OMB numbers may be found on the official IRS printed forms and are also shown on the forms in the exhibits in *Part 6*.),
- Each IRS form (or its instructions) states:
  1. Why the IRS needs the information,
  2. How it will be used, and
  3. Whether or not the information is required to be furnished to the IRS.

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

### 5.2.2 Substitute Form Requirements

The OMB requirements for substitute IRS forms are:

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

**Caution:** These requirements do **not** apply to substitute Forms 1042–S. See *Section 5.1.4*, earlier.

### 5.2.3 Required Explanation to Users

All substitute forms must state the Privacy Act and Paperwork Reduction Act Notice as listed in *Section 2.1.9*, earlier.

If no instructions are provided to users of your forms, you must furnish them with the exact text of the Privacy Act and Paperwork Reduction Act Notice.

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## Section 5.3 – Ordering Forms and Instructions

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You can order official IRS Forms (Forms 1096, 1098, 1099, W–2G, 1042S, and most other forms mentioned in this publication), instructions, and information copies of federal tax material by going to [www.irs.gov/Forms- & Pubs/Order-Products](http://www.irs.gov/Forms- & Pubs/Order-Products).

**Note.** Some forms on the internet are intended as information only and may not be submitted as an official IRS form (for example, most Forms 1099, W–2, and W–3). Unless otherwise instructed, Form 1096 and Copy A of 1098 series, 1099 series, 5498 series, and Forms 3921 and 3922 cannot be used for filing with the IRS when printed from a conventional printer. These forms contain drop-out ink requirements as described in *Part 2* of this publication.

**Exception.** Forms 1098–MA, 1099–CAP, 1099–LTC, 1099–QA, 1099–SA, 3922, 5498–ESA, 5498–QA, 5498–SA, and 1042–S can be printed in black ink as specified in *Sections 2.1.1. and 5.1.5*, earlier.

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## Section 5.4 – Effect on Other Revenue Procedures

### 5.4.1 Other Revenue Procedures

Revenue Procedure 2015–35, 2015–26, I.R.B. 1142, dated June 29, 2015, is superseded by this revenue procedure.

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## Part 6 Exhibits

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## Section 6.1 – Exhibits of Forms in the Revenue Procedure

### 6.1.1 Purpose

*Exhibits A through Y* illustrate some of the specifications that were discussed earlier in this revenue procedure. The dimensions apply to the actual size forms, but the exhibits have been reduced in size.

Generally, the forms. For example, *Exhibit E* shows 11.00“ from the top edge to the bottom edge of Form 1098–E and .85” between the bottom rule of the top form and the top rule of the second form on the page. These dimensions apply to all forms that are printed three to a page.

*Exhibit B* contains the general measurements for forms printed 2–to-a-page. All 2-to-1–page forms, except Form 1099–B, are 4.5“ in height within the border lines. Form 1099–B, is 4.67 ” in height within the border lines. *Exhibit E* contains the general measurements for forms printed 3-to-a-page. All 3-to-a- page forms are 2.83“ in height within the border lines. The printed area of all forms is 7.3” wide.

All of the exhibits in this publication were updated to include all of the 2016 revisions for those forms that have been revised.

### 6.1.2 Guidelines

Keep in mind the following guidelines when printing substitute forms.

- Closely follow the specifications to avoid delays in processing the forms.
- Always use the specifications as outlined in this revenue procedure and illustrated in the exhibits.
- Do not add the text line “Do Not Cut or Separate Forms on This Page” to the bottom form. This will be inconsistent with the specifications.

## 6.2 Exhibits

The following exhibits provide specifications for the forms listed in the

*Section 1.1.2*. Exhibits A, B, and E contain the general measurements for all of the forms. The remaining exhibits represent the images and may contain unique measurements as required by the form.

Do Not Staple 6969

Form **1096**  
Department of the Treasury  
Internal Revenue Service

**Annual Summary and Transmittal of  
U.S. Information Returns**

OMB No. 1545-0108  
**2016**

FILER'S name

Street address (including room or suite number)

City or town, state or province, country, and ZIP or foreign postal code

Name of person to contact Telephone number

Email address Fax number

**For Official Use Only**

1 Employer identification number 2 Social security number 3 Total number of forms 4 Federal income tax withheld 5 Total amount reported with this Form 1096

6 Enter an "X" in only one box below to indicate the type of form being filed.

W-2G 32	1097-BTC 50	1098 81	1098-C 78	1098-E 84	1098-Q 74	1098-T 83	1099-A 80	1099-B 79	1099-C 85	1099-CAP 73	1099-DIV 91	1099-G 86	1099-INT 92	1099-K 10
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1099-LTC 93	1099-MISC 96	1099-OID 96	1099-PATR 97	1099-Q 81	1099-QA 1A	1099-R 98	1099-S 75	1099-SA 94	3921 25	3922 26	5498 28	5498-ESA 72	5498-QA 2A	5498-SA 27
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7 Form 1099-MISC with NEC in box 7, check

**Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.**

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

Signature Title Date

**Instructions**

**Future developments.** For the latest information about developments related to Form 1096, such as legislation enacted after it was published, go to [www.irs.gov/form1096](http://www.irs.gov/form1096).

**Reminder.** The only acceptable method of filing the information returns listed on this form in box 6 electronically with the Internal Revenue Service is through the FIRE system. See Pub. 1220.

**Purpose of form.** Use this form to transmit paper Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the Internal Revenue Service.

**Caution:** If you are required to file 250 or more information returns of any one type, you must file electronically. If you are required to file electronically but fail to do so, and you do not have an approved waiver, you may be subject to a penalty. For more information, see part F in the 2016 General Instructions for Certain Information Returns.

Forms 1099-QA and 5498-QA can be filed on paper only, regardless of the number of returns.

**Who must file.** The name, address, and TIN of the filer on this form must be the same as those you enter in the upper left area of Forms 1097, 1098, 1099, 3921, 3922, 5498, or W-2G. A filer is any person or entity who files any of the forms shown in line 6 above.

Enter the filer's name, address (including room, suite, or other unit number), and TIN in the spaces provided on the form.

**When to file.** File Form 1096 as follows.

- With Forms 1097, 1098, 1099, 3921, 3922, or W-2G, file by February 28, 2017.
- **Caution:** File Form 1099-MISC by January 31, 2017, if you are reporting **nonemployee compensation** in box 7. Also, check box 7 above.
- With Forms 5498, file by May 31, 2017.

**Where To File**

Send all information returns filed on paper with Form 1096 to the following.

**If your principal business, office or agency, or legal residence in the case of an individual, is located in**

**Use the following three-line address**

Alabama, Arizona, Arkansas, Connecticut, Delaware, Florida, Georgia, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, West Virginia

Department of the Treasury  
Internal Revenue Service Center  
Austin, TX 73301

For more information and the Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns. Cat. No. 144000 Form 1096 (2016)

# Exhibit B

Form 1097-BTC

5050 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		6.25in	
FORM 1097-BTC ISSUER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Total \$	OMB No. 1545-2197 <b>2016</b> Form 1097-BTC
FORM 1097-BTC ISSUER'S federal identification number		2a Code	
RECIPIENT'S federal identification number		2b Unique Identifier	
RECIPIENT'S name		3 Bond type	
Street address (including apt. no.)		4	
City or town, state or province, country, and ZIP or foreign postal code		5a January \$	
Form 1097-BTC issuer is (check one):		5b February \$	
<input type="checkbox"/> Issuer of bond or its agent filing 2016 Form 1097-BTC for credit being reported		5c March \$	
<input type="checkbox"/> An entity or a person that received or should have received a 2016 Form 1097-BTC and is distributing part or all of that credit to others		5d April \$	
FORM 1097-BTC		5e May \$	
Cat. No. 54293T		www.irs.gov/form1097btc	
Department of the Treasury - Internal Revenue Service		Department of the Treasury - Internal Revenue Service	
<b>Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page</b>			
5050 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		6.25in	
FORM 1097-BTC ISSUER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Total \$	OMB No. 1545-2197 <b>2016</b> Form 1097-BTC
FORM 1097-BTC ISSUER'S federal identification number		2a Code	
RECIPIENT'S federal identification number		2b Unique Identifier	
RECIPIENT'S name		3 Bond type	
Street address (including apt. no.)		4	
City or town, state or province, country, and ZIP or foreign postal code		5a January \$	
Form 1097-BTC issuer is (check one):		5b February \$	
<input type="checkbox"/> Issuer of bond or its agent filing 2016 Form 1097-BTC for credit being reported		5c March \$	
<input type="checkbox"/> An entity or a person that received or should have received a 2016 Form 1097-BTC and is distributing part or all of that credit to others		5d April \$	
FORM 1097-BTC		5e May \$	
Cat. No. 54293T		www.irs.gov/form1097btc	
Department of the Treasury - Internal Revenue Service		Department of the Treasury - Internal Revenue Service	



VOID     CORRECTED

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.			OMB No. 1545-0901  <b>2016</b>  Form 1098	<b>Mortgage Interest Statement</b>
		1 Mortgage interest received from payer(s)/borrower(s) \$		<b>Copy A</b> For Internal Revenue Service Center  File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>
RECIPIENT'S/LENDER'S federal identification number	PAYER'S/BORROWER'S taxpayer identification no.	2 Outstanding mortgage principal as of 1/1/2016	3 Mortgage origination date	
		\$	\$	
PAYER'S/BORROWER'S name		4 Refund of overpaid interest	5 Mortgage insurance premiums	
		\$	\$	
Street address (including apt. no.)		6 Points paid on purchase of principal residence		
		\$		
City or town, state or province, country, and ZIP or foreign postal code		7 Is address of property securing mortgage same as PAYER'S/BORROWER'S address? If Yes, check box <input type="checkbox"/>		
		If No, enter address of property securing mortgage below		
10 Other		8 Address of property securing mortgage (see instructions)		
		9 If property securing mortgage has no address, provide description of the property (see instructions)		
Account number (see instructions)				

Form 1098    Cat. No. 14402K    www.irs.gov/form1098    Department of the Treasury - Internal Revenue Service  
**Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page**

VOID     CORRECTED

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.			OMB No. 1545-0901  <b>2016</b>  Form 1098	<b>Mortgage Interest Statement</b>
		1 Mortgage interest received from payer(s)/borrower(s) \$		<b>Copy A</b> For Internal Revenue Service Center  File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>
RECIPIENT'S/LENDER'S federal identification number	PAYER'S/BORROWER'S taxpayer identification no.	2 Outstanding mortgage principal as of 1/1/2016	3 Mortgage origination date	
		\$	\$	
PAYER'S/BORROWER'S name		4 Refund of overpaid interest	5 Mortgage insurance premiums	
		\$	\$	
Street address (including apt. no.)		6 Points paid on purchase of principal residence		
		\$		
City or town, state or province, country, and ZIP or foreign postal code		7 Is address of property securing mortgage same as PAYER'S/BORROWER'S address? If Yes, check box <input type="checkbox"/>		
		If No, enter address of property securing mortgage below		
10 Other		8 Address of property securing mortgage (see instructions)		
		9 If property securing mortgage has no address, provide description of the property (see instructions)		
Account number (see instructions)				

Form 1098    Cat. No. 14402K    www.irs.gov/form1098    Department of the Treasury - Internal Revenue Service



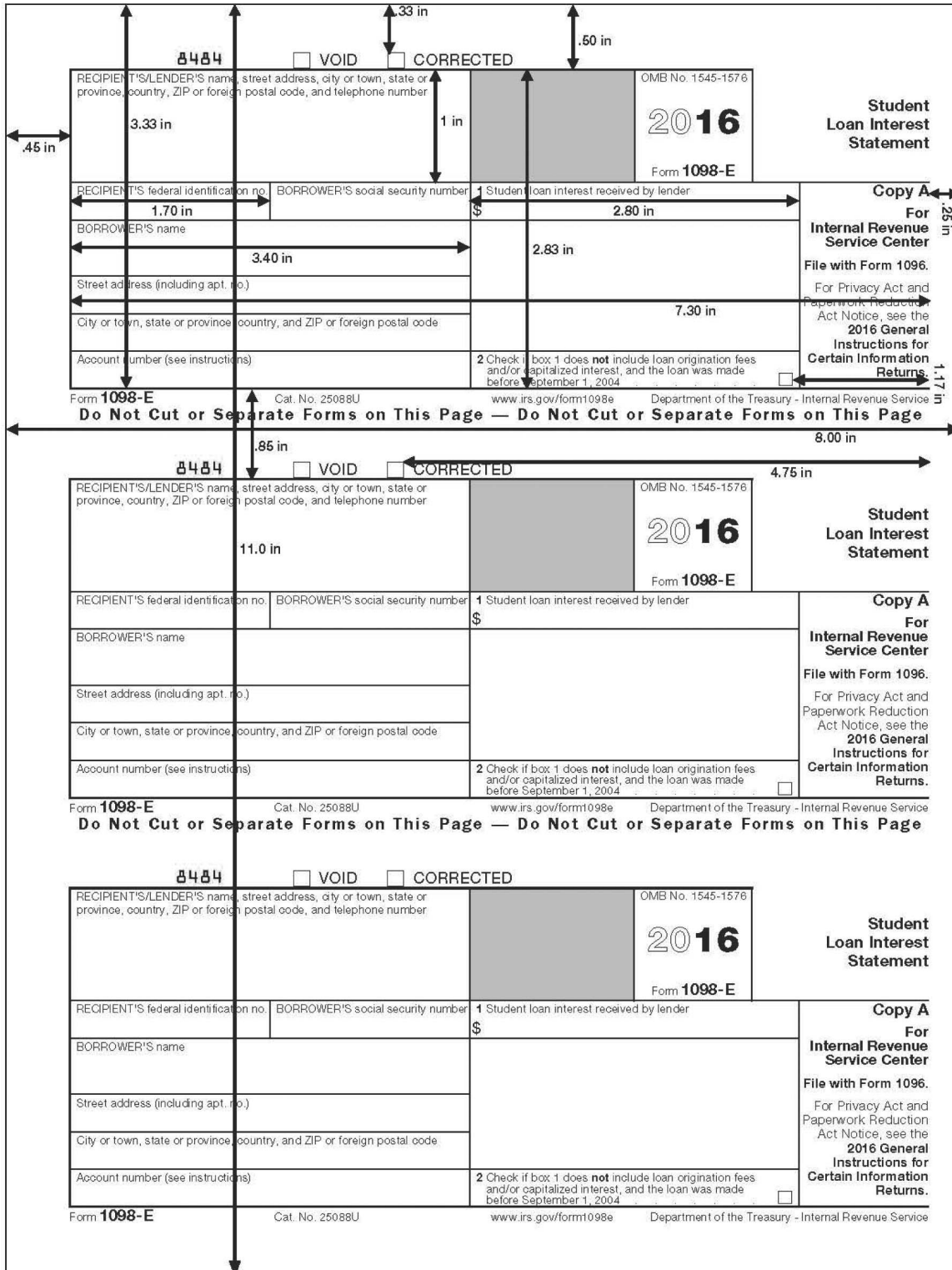
# Exhibit D

Form 1098-C

7878 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-1959		<b>Contributions of Motor Vehicles, Boats, and Airplanes</b>  <b>2016</b>  Form 1098-C			
DONEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Date of contribution					
		2a Odometer mileage					
DONEE'S federal identification number		DONOR'S identification number		2b Year		2c Make	2d Model
				3 Vehicle or other identification number			
DONOR'S name		4a <input type="checkbox"/> Donee certifies that vehicle was sold in arm's length transaction to unrelated party		<b>Copy A</b>  For Internal Revenue Service Center  File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>			
Street address (including apt. no.)		4b Date of sale					
City or town, state or province, country, and ZIP or foreign postal code		4c Gross proceeds from sale (see instructions) \$		For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>			
5a <input type="checkbox"/> Donee certifies that vehicle will not be transferred for money, other property, or services before completion of material improvement or significant intervening use							
5b <input type="checkbox"/> Donee certifies that vehicle is to be transferred to a needy individual for significantly below fair market value in furtherance of donee's charitable purpose							
5c Donee certifies the following detailed description of material improvements or significant intervening use and duration of use				For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>			
6a Did you provide goods or services in exchange for the vehicle? . . . . . Yes <input type="checkbox"/> No <input type="checkbox"/>							
6b Value of goods and services provided in exchange for the vehicle \$							
6c Describe the goods and services, if any, that were provided. If this box is checked, donee certifies that the goods and services consisted solely of intangible religious benefits . . . . . <input type="checkbox"/>							
7 Under the law, the donor may not claim a deduction of more than \$500 for this vehicle if this box is checked . . . . . <input type="checkbox"/>				For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>			
Form 1098-C							
Cat. No. 39732R							
www.irs.gov/form1098c							
Department of the Treasury - Internal Revenue Service				For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>			

# Exhibit E

Form 1098-E



VOID     CORRECTED

FILER'S name, street address, city, state, ZIP code, and telephone no.		OMB No. 1545-2221	<b>Mortgage Assistance Payments</b>  <b>Copy A</b>  <b>For Internal Revenue Service Center</b>  <small>For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</small>
		<b>2016</b>	
		Form <b>1098-MA</b>	
FILER'S federal identification no.	HOMEOWNER'S federal identification no.	1. Total State HFA and homeowner mortgage payments	
		\$	
HOMEOWNER'S name		2. State HFA mortgage assistance payments	
		\$	
Street address (including apt. no.) (optional)		3. Homeowner mortgage payments	
		\$	
City, state, and ZIP code (optional)			
Account number (optional)			

Form **1098-MA**    Cat. No. 58017D    [www.irs.gov/form1098ma](http://www.irs.gov/form1098ma)    Department of the Treasury - Internal Revenue Service

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VOID     CORRECTED

FILER'S name, street address, city, state, ZIP code, and telephone no.		OMB No. 1545-2221	<b>Mortgage Assistance Payments</b>  <b>Copy A</b>  <b>For Internal Revenue Service Center</b>  <small>For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</small>
		<b>2016</b>	
		Form <b>1098-MA</b>	
FILER'S federal identification no.	HOMEOWNER'S federal identification no.	1. Total State HFA and homeowner mortgage payments	
		\$	
HOMEOWNER'S name		2. State HFA mortgage assistance payments	
		\$	
Street address (including apt. no.) (optional)		3. Homeowner mortgage payments	
		\$	
City, state, and ZIP code (optional)			
Account number (optional)			

Form **1098-MA**    Cat. No. 58017D    [www.irs.gov/form1098ma](http://www.irs.gov/form1098ma)    Department of the Treasury - Internal Revenue Service

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VOID     CORRECTED

FILER'S name, street address, city, state, ZIP code, and telephone no.		OMB No. 1545-2221	<b>Mortgage Assistance Payments</b>  <b>Copy A</b>  <b>For Internal Revenue Service Center</b>  <small>For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</small>
		<b>2016</b>	
		Form <b>1098-MA</b>	
FILER'S federal identification no.	HOMEOWNER'S federal identification no.	1. Total State HFA and homeowner mortgage payments	
		\$	
HOMEOWNER'S name		2. State HFA mortgage assistance payments	
		\$	
Street address (including apt. no.) (optional)		3. Homeowner mortgage payments	
		\$	
City, state, and ZIP code (optional)			
Account number (optional)			

Form **1098-MA**    Cat. No. 58017D    [www.irs.gov/form1098ma](http://www.irs.gov/form1098ma)    Department of the Treasury - Internal Revenue Service

7474       VOID       CORRECTED

ISSUER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		ISSUER'S federal identification no.		OMB No. 1545-2234  <div style="text-align: center; font-size: 2em; font-weight: bold;">2016</div> Form <b>1098-Q</b>		<b>Qualifying Longevity Annuity Contract Information</b>			
PARTICIPANT'S name  Street address (including apt. no.)  City or town, state or province, country, and ZIP or foreign postal code		PARTICIPANT'S taxpayer identification no.		1a Annuity amount on start date \$		1b Annuity start date		2 Check if start date may be accelerated <input type="checkbox"/>	
		3 Total premiums \$							
Account number (see instructions)		Plan no.		5a January \$      dd		5b February \$      dd		<b>Copy A</b> For <b>Internal Revenue Service Center</b>  File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>	
Name of plan		Plan sponsor's employer identification no.		5c March \$      dd		5d April \$      dd			
Name of plan		Plan sponsor's employer identification no.		5e May \$      dd		5f June \$      dd			
				5g July \$      dd		5h August \$      dd			
Name of plan		Plan sponsor's employer identification no.		5i September \$      dd		5j October \$      dd			
				5k November \$      dd		5l December \$      dd			

Form **1098-Q**      Cat. No. 67073Z      [www.irs.gov/form1098q](http://www.irs.gov/form1098q)      Department of the Treasury - Internal Revenue Service  
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ISSUER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		ISSUER'S federal identification no.		OMB No. 1545-2234  <div style="text-align: center; font-size: 2em; font-weight: bold;">2016</div> Form <b>1098-Q</b>		<b>Qualifying Longevity Annuity Contract Information</b>			
PARTICIPANT'S name  Street address (including apt. no.)  City or town, state or province, country, and ZIP or foreign postal code		PARTICIPANT'S taxpayer identification no.		1a Annuity amount on start date \$		1b Annuity start date		2 Check if start date may be accelerated <input type="checkbox"/>	
		3 Total premiums \$							
Account number (see instructions)		Plan no.		5a January \$      dd		5b February \$      dd		<b>Copy A</b> For <b>Internal Revenue Service Center</b>  File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>	
Name of plan		Plan sponsor's employer identification no.		5c March \$      dd		5d April \$      dd			
Name of plan		Plan sponsor's employer identification no.		5e May \$      dd		5f June \$      dd			
				5g July \$      dd		5h August \$      dd			
Name of plan		Plan sponsor's employer identification no.		5i September \$      dd		5j October \$      dd			
				5k November \$      dd		5l December \$      dd			

Form **1098-Q**      Cat. No. 67073Z      [www.irs.gov/form1098q](http://www.irs.gov/form1098q)      Department of the Treasury - Internal Revenue Service



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FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Payments received for qualified tuition and related expenses \$	2 Amounts billed for qualified tuition and related expenses \$	OMB No. 1545-1574  <b>2016</b>  Form 1098-T	<b>Tuition Statement</b>
FILER'S federal identification no.	STUDENT'S taxpayer identification no. <input type="checkbox"/>	3 Check if you have changed your reporting method for 2016 <input type="checkbox"/>		<b>Copy A</b> For <b>Internal Revenue Service Center</b> File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>	
STUDENT'S name		4 Adjustments made for a prior year \$	5 Scholarships or grants \$		
Street address (including apt. no.)		6 Adjustments to scholarships or grants for a prior year \$	7 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January — March 2017 <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code		8 Check if at least half-time student <input type="checkbox"/>	9 Check if a graduate student <input type="checkbox"/>		
Service Provider/Acct. No. (see instr.)		10 Ins. contract reimb./refund \$			

Form **1098-T**    Cat. No. 25087J    [www.irs.gov/form1098t](http://www.irs.gov/form1098t)    Department of the Treasury - Internal Revenue Service  
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FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Payments received for qualified tuition and related expenses \$	2 Amounts billed for qualified tuition and related expenses \$	OMB No. 1545-1574  <b>2016</b>  Form 1098-T	<b>Tuition Statement</b>
FILER'S federal identification no.	STUDENT'S taxpayer identification no. <input type="checkbox"/>	3 Check if you have changed your reporting method for 2016 <input type="checkbox"/>		<b>Copy A</b> For <b>Internal Revenue Service Center</b> File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>	
STUDENT'S name		4 Adjustments made for a prior year \$	5 Scholarships or grants \$		
Street address (including apt. no.)		6 Adjustments to scholarships or grants for a prior year \$	7 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January — March 2017 <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code		8 Check if at least half-time student <input type="checkbox"/>	9 Check if a graduate student <input type="checkbox"/>		
Service Provider/Acct. No. (see instr.)		10 Ins. contract reimb./refund \$			

Form **1098-T**    Cat. No. 25087J    [www.irs.gov/form1098t](http://www.irs.gov/form1098t)    Department of the Treasury - Internal Revenue Service  
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FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Payments received for qualified tuition and related expenses \$	2 Amounts billed for qualified tuition and related expenses \$	OMB No. 1545-1574  <b>2016</b>  Form 1098-T	<b>Tuition Statement</b>
FILER'S federal identification no.	STUDENT'S taxpayer identification no. <input type="checkbox"/>	3 Check if you have changed your reporting method for 2016 <input type="checkbox"/>		<b>Copy A</b> For <b>Internal Revenue Service Center</b> File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>	
STUDENT'S name		4 Adjustments made for a prior year \$	5 Scholarships or grants \$		
Street address (including apt. no.)		6 Adjustments to scholarships or grants for a prior year \$	7 Check this box if the amount in box 1 or 2 includes amounts for an academic period beginning January — March 2017 <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code		8 Check if at least half-time student <input type="checkbox"/>	9 Check if a graduate student <input type="checkbox"/>		
Service Provider/Acct. No. (see instr.)		10 Ins. contract reimb./refund \$			

Form **1098-T**    Cat. No. 25087J    [www.irs.gov/form1098t](http://www.irs.gov/form1098t)    Department of the Treasury - Internal Revenue Service  
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LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		<b>2016</b> Form 1099-A	OMB No. 1545-0877
LENDER'S federal identification number	BORROWER'S identification number	1 Date of lender's acquisition or knowledge of abandonment	2 Balance of principal outstanding \$
BORROWER'S name		3	4 Fair market value of property \$
Street address (including apt. no.)		5 If checked, the borrower was personally liable for repayment of the debt <input checked="" type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code		6 Description of property	
Account number (see instructions)			

**Acquisition or Abandonment of Secured Property**

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130111

Form **1099-A** Cat. No. 14412G [www.irs.gov/form1099a](http://www.irs.gov/form1099a) Department of the Treasury - Internal Revenue Service  
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LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		<b>2016</b> Form 1099-A	OMB No. 1545-0877
LENDER'S federal identification number	BORROWER'S identification number	1 Date of lender's acquisition or knowledge of abandonment	2 Balance of principal outstanding \$
BORROWER'S name		3	4 Fair market value of property \$
Street address (including apt. no.)		5 If checked, the borrower was personally liable for repayment of the debt <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code		6 Description of property	
Account number (see instructions)			

**Acquisition or Abandonment of Secured Property**

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Form **1099-A** Cat. No. 14412G [www.irs.gov/form1099a](http://www.irs.gov/form1099a) Department of the Treasury - Internal Revenue Service  
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LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		<b>2016</b> Form 1099-A	OMB No. 1545-0877
LENDER'S federal identification number	BORROWER'S identification number	1 Date of lender's acquisition or knowledge of abandonment	2 Balance of principal outstanding \$
BORROWER'S name		3	4 Fair market value of property \$
Street address (including apt. no.)		5 If checked, the borrower was personally liable for repayment of the debt <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code		6 Description of property	
Account number (see instructions)			

**Acquisition or Abandonment of Secured Property**

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Form **1099-A** Cat. No. 14412G [www.irs.gov/form1099a](http://www.irs.gov/form1099a) Department of the Treasury - Internal Revenue Service



# Exhibit J

Form 1099-B

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Applicable check box on Form 8949		OMB No. 1545-0715		<b>2016</b> Form 1099-B <b>Proceeds From Broker and Barter Exchange Transactions</b>
		1a Description of property (Example 100 sh. XYZ Co.)				
		1b Date acquired	1c Date sold or disposed			
PAYER'S federal identification number	RECIPIENT'S identification number	1d Proceeds \$	1e Cost or other basis \$			
		1f Accrued market discount \$	1g Wash sale loss disallowed \$			
RECIPIENT'S name		2 Short-term gain or loss <input type="checkbox"/> Long-term gain or loss <input type="checkbox"/> Ordinary <input type="checkbox"/>		3 Check if basis reported to IRS <input type="checkbox"/>		
Street address (including apt. no.)		4 Federal income tax withheld \$	5 Check if noncovered security <input type="checkbox"/>			
City or town, state or province, country, and ZIP or foreign postal code		6 Reported to IRS: Gross proceeds <input type="checkbox"/> Net proceeds <input type="checkbox"/>		7 Check if loss is not allowed based on amount in 1d <input type="checkbox"/>		
Account number (see instructions)		8 Profit or (loss) realized in 2016 on closed contracts \$	9 Unrealized profit or (loss) on open contracts — 12/31/2015 \$			
CUSIP number		10 Unrealized profit or (loss) on open contracts — 12/31/2018 \$		11 Aggregate profit or (loss) on contracts \$		
14 State name	15 State identification no.	16 State tax withheld \$	12 Check if proceeds from collectibles <input type="checkbox"/>			
			13 Bartering \$			

Form 1099-B Cat. No. 14411V www.irs.gov/form1099b Department of the Treasury - Internal Revenue Service

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Applicable check box on Form 8949		OMB No. 1545-0715		<b>2016</b> Form 1099-B <b>Proceeds From Broker and Barter Exchange Transactions</b>
		1a Description of property (Example 100 sh. XYZ Co.)				
		1b Date acquired	1c Date sold or disposed			
PAYER'S federal identification number	RECIPIENT'S identification number	1d Proceeds \$	1e Cost or other basis \$			
		1f Accrued market discount \$	1g Wash sale loss disallowed \$			
RECIPIENT'S name		2 Short-term gain or loss <input type="checkbox"/> Long-term gain or loss <input type="checkbox"/> Ordinary <input type="checkbox"/>		3 Check if basis reported to IRS <input type="checkbox"/>		
Street address (including apt. no.)		4 Federal income tax withheld \$	5 Check if noncovered security <input type="checkbox"/>			
City or town, state or province, country, and ZIP or foreign postal code		6 Reported to IRS: Gross proceeds <input type="checkbox"/> Net proceeds <input type="checkbox"/>		7 Check if loss is not allowed based on amount in 1d <input type="checkbox"/>		
Account number (see instructions)		8 Profit or (loss) realized in 2016 on closed contracts \$	9 Unrealized profit or (loss) on open contracts — 12/31/2015 \$			
CUSIP number		10 Unrealized profit or (loss) on open contracts — 12/31/2018 \$		11 Aggregate profit or (loss) on contracts \$		
14 State name	15 State identification no.	16 State tax withheld \$	12 Check if proceeds from collectibles <input type="checkbox"/>			
			13 Bartering \$			

Form 1099-B Cat. No. 14411V www.irs.gov/form1099b Department of the Treasury - Internal Revenue Service

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CREDITOR'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Date of identifiable event	OMB No. 1545-1424  <b>2016</b>  Form 1099-C	<b>Cancellation of Debt</b>
		2 Amount of debt discharged		
		3 Interest if included in box 2		
CREDITOR'S federal identification number DEBTOR'S identification number	DEBTOR'S name	4 Debt description		<b>Copy A</b> For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
Street address (including apt. no.)		5 Check here if the debtor was personally liable for repayment of the debt <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code		6 Identifiable event code		
Account number (see instructions)		7 Fair market value of property		

Form 1099-C    Cat. No. 26280W    www.irs.gov/form1099c    Department of the Treasury - Internal Revenue Service  
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CREDITOR'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Date of identifiable event	OMB No. 1545-1424  <b>2016</b>  Form 1099-C	<b>Cancellation of Debt</b>
		2 Amount of debt discharged		
		3 Interest if included in box 2		
CREDITOR'S federal identification number DEBTOR'S identification number	DEBTOR'S name	4 Debt description		<b>Copy A</b> For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
Street address (including apt. no.)		5 Check here if the debtor was personally liable for repayment of the debt <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code		6 Identifiable event code		
Account number (see instructions)		7 Fair market value of property		

Form 1099-C    Cat. No. 26280W    www.irs.gov/form1099c    Department of the Treasury - Internal Revenue Service  
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CREDITOR'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Date of identifiable event	OMB No. 1545-1424  <b>2016</b>  Form 1099-C	<b>Cancellation of Debt</b>
		2 Amount of debt discharged		
		3 Interest if included in box 2		
CREDITOR'S federal identification number DEBTOR'S identification number	DEBTOR'S name	4 Debt description		<b>Copy A</b> For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
Street address (including apt. no.)		5 Check here if the debtor was personally liable for repayment of the debt <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code		6 Identifiable event code		
Account number (see instructions)		7 Fair market value of property		

Form 1099-C    Cat. No. 26280W    www.irs.gov/form1099c    Department of the Treasury - Internal Revenue Service

# Exhibit L

Form 1099-DIV

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		<b>1a</b> Total ordinary dividends		OMB No. 1545-0110	
		\$		<b>2016</b> Form <b>1099-DIV</b>	
		<b>1b</b> Qualified dividends			
		\$			
PAYER'S federal identification number		<b>2a</b> Total capital gain distr.		<b>2b</b> Unrecap. Sec. 1250 gain	
		\$		\$	
RECIPIENT'S identification number		<b>2c</b> Section 1202 gain		<b>2d</b> Collectibles (28%) gain	
		\$		\$	
RECIPIENT'S name		<b>3</b> Nondividend distributions		<b>4</b> Federal income tax withheld	
		\$		\$	
Street address (including apt. no.)		<b>6</b> Foreign tax paid		<b>5</b> Investment expenses	
		\$		\$	
City or town, state or province, country, and ZIP or foreign postal code		<b>8</b> Cash liquidation distributions		<b>7</b> Foreign country or U.S. possession	
		\$		\$	
Account number (see instructions)		<b>10</b> Exempt-interest dividends		<b>9</b> Noncash liquidation distributions	
		\$		\$	
FATCA filing requirement <input type="checkbox"/>		<b>11</b> Specified private activity bond interest dividends			
2nd TIN not <input type="checkbox"/>		\$		\$	
		<b>12</b> State		<b>13</b> State identification no.	
		\$		\$	
		<b>14</b> State tax withheld			
		\$		\$	

## Dividends and Distributions

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		<b>1a</b> Total ordinary dividends		OMB No. 1545-0110	
		\$		<b>2016</b> Form <b>1099-DIV</b>	
		<b>1b</b> Qualified dividends			
		\$			
PAYER'S federal identification number		<b>2a</b> Total capital gain distr.		<b>2b</b> Unrecap. Sec. 1250 gain	
		\$		\$	
RECIPIENT'S identification number		<b>2c</b> Section 1202 gain		<b>2d</b> Collectibles (28%) gain	
		\$		\$	
RECIPIENT'S name		<b>3</b> Nondividend distributions		<b>4</b> Federal income tax withheld	
		\$		\$	
Street address (including apt. no.)		<b>6</b> Foreign tax paid		<b>5</b> Investment expenses	
		\$		\$	
City or town, state or province, country, and ZIP or foreign postal code		<b>8</b> Cash liquidation distributions		<b>7</b> Foreign country or U.S. possession	
		\$		\$	
Account number (see instructions)		<b>10</b> Exempt-interest dividends		<b>9</b> Noncash liquidation distributions	
		\$		\$	
FATCA filing requirement <input type="checkbox"/>		<b>11</b> Specified private activity bond interest dividends			
2nd TIN not <input type="checkbox"/>		\$		\$	
		<b>12</b> State		<b>13</b> State identification no.	
		\$		\$	
		<b>14</b> State tax withheld			
		\$		\$	

## Dividends and Distributions

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Form **1099-DIV** Cat. No. 14415N www.irs.gov/form1099div Department of the Treasury - Internal Revenue Service

8686 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		2016 Form 1099-G		<b>Certain Government Payments</b>
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Unemployment compensation \$	OMB No. 1545-0120	
PAYER'S federal identification number    RECIPIENT'S identification number		2 State or local income tax refunds, credits, or offsets \$	3 Box 2 amount is for tax year	4 Federal income tax withheld \$
RECIPIENT'S name		5 RTAA payments \$	6 Taxable grants \$	<b>Copy A For Internal Revenue Service Center</b>
Street address (including apt. no.)		7 Agriculture payments \$	8 Check if box 2 is trade or business income <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code		9 Market gain \$	10a State    10b State identification no.	<b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
Account number (see instructions)		11 State income tax withheld \$	\$	

Form 1099-G    Cat. No. 14438M    www.irs.gov/form1099g    Department of the Treasury - Internal Revenue Service  
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8686 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		2016 Form 1099-G		<b>Certain Government Payments</b>
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Unemployment compensation \$	OMB No. 1545-0120	
PAYER'S federal identification number    RECIPIENT'S identification number		2 State or local income tax refunds, credits, or offsets \$	3 Box 2 amount is for tax year	4 Federal income tax withheld \$
RECIPIENT'S name		5 RTAA payments \$	6 Taxable grants \$	<b>Copy A For Internal Revenue Service Center</b>
Street address (including apt. no.)		7 Agriculture payments \$	8 Check if box 2 is trade or business income <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code		9 Market gain \$	10a State    10b State identification no.	<b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
Account number (see instructions)		11 State income tax withheld \$	\$	

Form 1099-G    Cat. No. 14438M    www.irs.gov/form1099g    Department of the Treasury - Internal Revenue Service  
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8686 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		2016 Form 1099-G		<b>Certain Government Payments</b>
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Unemployment compensation \$	OMB No. 1545-0120	
PAYER'S federal identification number    RECIPIENT'S identification number		2 State or local income tax refunds, credits, or offsets \$	3 Box 2 amount is for tax year	4 Federal income tax withheld \$
RECIPIENT'S name		5 RTAA payments \$	6 Taxable grants \$	<b>Copy A For Internal Revenue Service Center</b>
Street address (including apt. no.)		7 Agriculture payments \$	8 Check if box 2 is trade or business income <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code		9 Market gain \$	10a State    10b State identification no.	<b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
Account number (see instructions)		11 State income tax withheld \$	\$	

Form 1099-G    Cat. No. 14438M    www.irs.gov/form1099g    Department of the Treasury - Internal Revenue Service



# Exhibit N

Form 1099-INT

9292       VOID       CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Payer's RTN (optional)		OMB No. 1545-0112		<b>2016</b> Form 1099-INT	<b>Interest Income</b>
		1 Interest income					
		\$					
		2 Early withdrawal penalty					
		\$					
PAYER'S federal identification number	RECIPIENT'S identification number	3 Interest on U.S. Savings Bonds and Treas. obligations				<b>Copy A</b>  <b>For Internal Revenue Service Center</b>	
		\$					
RECIPIENT'S name		4 Federal income tax withheld		5 Investment expenses		<b>File with Form 1096.</b>	
		\$		\$			
Street address (including apt. no.)		6 Foreign tax paid		7 Foreign country or U.S. possession		<b>For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</b>	
		\$					
City or town, state or province, country, and ZIP or foreign postal code		8 Tax-exempt interest		9 Specified private activity bond interest			
		\$		\$			
		10 Market discount		11 Bond premium			
		\$		\$			
		12 Bond premium on Treasury obligations		13 Bond premium on tax-exempt bond			
		\$		\$			
Account number (see instructions)	2nd TIN not	14 Tax-exempt and tax credit bond CUSIP no.		15 State		16 State identification no.	
	<input type="checkbox"/>					17 State tax withheld	
						\$	
						\$	

Form 1099-INT      Cat. No. 14410K      www.irs.gov/form1099int      Department of the Treasury - Internal Revenue Service  
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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		Payer's RTN (optional)		OMB No. 1545-0112		<b>2016</b> Form 1099-INT	<b>Interest Income</b>
		1 Interest income					
		\$					
		2 Early withdrawal penalty					
		\$					
PAYER'S federal identification number	RECIPIENT'S identification number	3 Interest on U.S. Savings Bonds and Treas. obligations				<b>Copy A</b>  <b>For Internal Revenue Service Center</b>	
		\$					
RECIPIENT'S name		4 Federal income tax withheld		5 Investment expenses		<b>File with Form 1096.</b>	
		\$		\$			
Street address (including apt. no.)		6 Foreign tax paid		7 Foreign country or U.S. possession		<b>For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</b>	
		\$					
City or town, state or province, country, and ZIP or foreign postal code		8 Tax-exempt interest		9 Specified private activity bond interest			
		\$		\$			
		10 Market discount		11 Bond premium			
		\$		\$			
		12 Bond premium on Treasury obligations		13 Bond premium on tax-exempt bond			
		\$		\$			
Account number (see instructions)	2nd TIN not	14 Tax-exempt and tax credit bond CUSIP no.		15 State		16 State identification no.	
	<input type="checkbox"/>					17 State tax withheld	
						\$	
						\$	

Form 1099-INT      Cat. No. 14410K      www.irs.gov/form1099int      Department of the Treasury - Internal Revenue Service

# Exhibit 0

Form 1099-K

1010		VOID		CORRECTED		
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		FILER'S federal identification no.	OMB No. 1545-2205		2016	
		PAYEE'S taxpayer identification no.	Form 1099-K			
Check to indicate if FILER is a (an): Payment settlement entity (PSE) <input type="checkbox"/> Electronic Payment Facilitator (EPF) <input type="checkbox"/> Other third party <input type="checkbox"/>		Check to indicate transactions reported are: Payment card <input type="checkbox"/> Third party network <input type="checkbox"/>		1a Gross amount of payment card/third party network transactions	Payment Card and Third Party Network Transactions  <b>Copy A</b> For Internal Revenue Service Center  File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.	
		1b Card Not Present transactions	2 Merchant category code	3 Number of payment transactions		4 Federal income tax withheld
PAYEE'S name		5a January	5b February	File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.		
Street address (including apt. no.)		5c March	5d April			
City or town, state or province, country, and ZIP or foreign postal code		5e May	5f June			
PSE'S name and telephone number		5g July	5h August			
Account number (see instructions)		5i September	5j October			
2nd TIN not <input type="checkbox"/>		5k November	5l December			
		6 State	7 State identification no.			8 State income tax withheld
						\$
						\$
						\$
						\$

Form 1099-K Cat. No. 54118B www.irs.gov/form1099k Department of the Treasury - Internal Revenue Service  
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1010		VOID		CORRECTED		
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		FILER'S federal identification no.	OMB No. 1545-2205		2016	
		PAYEE'S taxpayer identification no.	Form 1099-K			
Check to indicate if FILER is a (an): Payment settlement entity (PSE) <input type="checkbox"/> Electronic Payment Facilitator (EPF) <input type="checkbox"/> Other third party <input type="checkbox"/>		Check to indicate transactions reported are: Payment card <input type="checkbox"/> Third party network <input type="checkbox"/>		1a Gross amount of payment card/third party network transactions	Payment Card and Third Party Network Transactions  <b>Copy A</b> For Internal Revenue Service Center  File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.	
		1b Card Not Present transactions	2 Merchant category code	3 Number of payment transactions		4 Federal income tax withheld
PAYEE'S name		5a January	5b February	File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.		
Street address (including apt. no.)		5c March	5d April			
City or town, state or province, country, and ZIP or foreign postal code		5e May	5f June			
PSE'S name and telephone number		5g July	5h August			
Account number (see instructions)		5i September	5j October			
2nd TIN not <input type="checkbox"/>		5k November	5l December			
		6 State	7 State identification no.			8 State income tax withheld
						\$
						\$
						\$
						\$

Form 1099-K Cat. No. 54118B www.irs.gov/form1099k Department of the Treasury - Internal Revenue Service



# Exhibit P

Form 1099-MISC

9595 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0115		<b>2016</b>	<b>Miscellaneous Income</b>
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$			
PAYER'S federal identification number		RECIPIENT'S identification number		2 Royalties \$	
RECIPIENT'S name		3 Other income \$		4 Federal income tax withheld \$	
Street address (including apt. no.)		5 Fishing boat proceeds \$		6 Medical and health care payments \$	
City or town, state or province, country, and ZIP or foreign postal code		7 Nonemployee compensation \$		8 Substitute payments in lieu of dividends or interest \$	
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>		2nd TIN not <input type="checkbox"/>	
15a Section 409A deferrals \$		15b Section 409A income \$		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/> \$	
16 State tax withheld \$		17 State/Payer's state no. \$		10 Crop insurance proceeds \$	
18 State income \$		13 Excess golden parachute payments \$		14 Gross proceeds paid to an attorney \$	

Form 1099-MISC    Cat. No. 14425J    www.irs.gov/form1099misc    Department of the Treasury - Internal Revenue Service

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9595 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0115		<b>2016</b>	<b>Miscellaneous Income</b>
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Rents \$			
PAYER'S federal identification number		RECIPIENT'S identification number		2 Royalties \$	
RECIPIENT'S name		3 Other income \$		4 Federal income tax withheld \$	
Street address (including apt. no.)		5 Fishing boat proceeds \$		6 Medical and health care payments \$	
City or town, state or province, country, and ZIP or foreign postal code		7 Nonemployee compensation \$		8 Substitute payments in lieu of dividends or interest \$	
Account number (see instructions)		FATCA filing requirement <input type="checkbox"/>		2nd TIN not <input type="checkbox"/>	
15a Section 409A deferrals \$		15b Section 409A income \$		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/> \$	
16 State tax withheld \$		17 State/Payer's state no. \$		10 Crop insurance proceeds \$	
18 State income \$		13 Excess golden parachute payments \$		14 Gross proceeds paid to an attorney \$	

Form 1099-MISC    Cat. No. 14425J    www.irs.gov/form1099misc    Department of the Treasury - Internal Revenue Service

# Exhibit Q

Form 1099-OID

9696 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED				OMB No. 1545-0117	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Original issue discount for 2016		<b>2016</b>	
		\$			
		2 Other periodic interest		Form <b>1099-OID</b>	
		\$			
PAYER'S federal identification number		RECIPIENT'S identification number		<b>Original Issue Discount</b>	
\$		\$			
RECIPIENT'S name		3 Early withdrawal penalty		<b>Copy A</b>	
\$		4 Federal income tax withheld			
Street address (including apt. no.)		5 Market discount		<b>For Internal Revenue Service Center</b>	
		6 Acquisition premium			
City or town, state or province, country, and ZIP or foreign postal code		7 Description		<b>File with Form 1096.</b>	
8 Original issue discount on U.S. Treasury obligations		9 Investment expenses		<b>For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</b>	
\$		\$			
FATCA filing requirement <input type="checkbox"/>		10 Bond premium		<b>File with Form 1096.</b>	
\$		\$			
Account number (see instructions)		11 State		<b>For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</b>	
2nd TIN not <input type="checkbox"/>		12 State identification no.			
		13 State tax withheld		<b>File with Form 1096.</b>	
		\$			
				<b>For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</b>	
		\$			

Form **1099-OID**      Cat. No. 14421R      [www.irs.gov/form1099oid](http://www.irs.gov/form1099oid)      Department of the Treasury - Internal Revenue Service

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9696 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED				OMB No. 1545-0117	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Original issue discount for 2016		<b>2016</b>	
		\$			
		2 Other periodic interest		Form <b>1099-OID</b>	
		\$			
PAYER'S federal identification number		RECIPIENT'S identification number		<b>Original Issue Discount</b>	
\$		\$			
RECIPIENT'S name		3 Early withdrawal penalty		<b>Copy A</b>	
\$		4 Federal income tax withheld			
Street address (including apt. no.)		5 Market discount		<b>For Internal Revenue Service Center</b>	
		6 Acquisition premium			
City or town, state or province, country, and ZIP or foreign postal code		7 Description		<b>File with Form 1096.</b>	
8 Original issue discount on U.S. Treasury obligations		9 Investment expenses		<b>For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</b>	
\$		\$			
FATCA filing requirement <input type="checkbox"/>		10 Bond premium		<b>File with Form 1096.</b>	
\$		\$			
Account number (see instructions)		11 State		<b>For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</b>	
2nd TIN not <input type="checkbox"/>		12 State identification no.			
		13 State tax withheld		<b>File with Form 1096.</b>	
		\$			
				<b>For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</b>	
		\$			

Form **1099-OID**      Cat. No. 14421R      [www.irs.gov/form1099oid](http://www.irs.gov/form1099oid)      Department of the Treasury - Internal Revenue Service

# Exhibit R

Form 1099-PATR

9797       VOID       CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Patronage dividends	<b>2016</b>	OMB No. 1545-0118
		2 Nonpatronage distributions		
		3 Per-unit retain allocations		
		\$	Form <b>1099-PATR</b>	
PAYER'S federal identification number	RECIPIENT'S identification number	4 Federal income tax withheld	<b>Copy A For Internal Revenue Service Center</b>	
RECIPIENT'S name		5 Redemption of nonqualified notices and retain allocations		
Street address (including apt. no.)		6 Domestic production activities deduction	<b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>	
City or town, state or province, country, and ZIP or foreign postal code		7 Investment credit		
Account number (see instructions)		8 Work opportunity credit	<b>9 Patron's AMT adjustment</b>	
2nd TIN not <input type="checkbox"/>		10 Other credits and deductions		
		\$		

Form **1099-PATR**      Cat. No. 14435F      [www.irs.gov/form1099patr](http://www.irs.gov/form1099patr)      Department of the Treasury - Internal Revenue Service  
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9797       VOID       CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Patronage dividends	<b>2016</b>	OMB No. 1545-0118
		2 Nonpatronage distributions		
		3 Per-unit retain allocations		
		\$	Form <b>1099-PATR</b>	
PAYER'S federal identification number	RECIPIENT'S identification number	4 Federal income tax withheld	<b>Copy A For Internal Revenue Service Center</b>	
RECIPIENT'S name		5 Redemption of nonqualified notices and retain allocations		
Street address (including apt. no.)		6 Domestic production activities deduction	<b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>	
City or town, state or province, country, and ZIP or foreign postal code		7 Investment credit		
Account number (see instructions)		8 Work opportunity credit	<b>9 Patron's AMT adjustment</b>	
2nd TIN not <input type="checkbox"/>		10 Other credits and deductions		
		\$		

Form **1099-PATR**      Cat. No. 14435F      [www.irs.gov/form1099patr](http://www.irs.gov/form1099patr)      Department of the Treasury - Internal Revenue Service  
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9797       VOID       CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Patronage dividends	<b>2016</b>	OMB No. 1545-0118
		2 Nonpatronage distributions		
		3 Per-unit retain allocations		
		\$	Form <b>1099-PATR</b>	
PAYER'S federal identification number	RECIPIENT'S identification number	4 Federal income tax withheld	<b>Copy A For Internal Revenue Service Center</b>	
RECIPIENT'S name		5 Redemption of nonqualified notices and retain allocations		
Street address (including apt. no.)		6 Domestic production activities deduction	<b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the <b>2016 General Instructions for Certain Information Returns.</b>	
City or town, state or province, country, and ZIP or foreign postal code		7 Investment credit		
Account number (see instructions)		8 Work opportunity credit	<b>9 Patron's AMT adjustment</b>	
2nd TIN not <input type="checkbox"/>		10 Other credits and deductions		
		\$		

Form **1099-PATR**      Cat. No. 14435F      [www.irs.gov/form1099patr](http://www.irs.gov/form1099patr)      Department of the Treasury - Internal Revenue Service

3131 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		PAYER'S/TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution \$ 2 Earnings \$	OMB No. 1545-1760  <b>2016</b>  Form 1099-Q	Payments From Qualified Education Programs (Under Sections 529 and 530)  <b>Copy A</b> For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
PAYER'S/TRUSTEE'S federal identification no.	RECIPIENT'S taxpayer identification no.	3 Basis \$	4 Trustee-to-trustee transfer <input type="checkbox"/>	5 Check one: • Qualified tuition program — Private <input type="checkbox"/> or State <input type="checkbox"/> • Coverdell ESA <input type="checkbox"/>	6 Check if the recipient is not the designated beneficiary <input type="checkbox"/>	
RECIPIENT'S name		Street address (including apt. no.)		City or town, state or province, country, and ZIP or foreign postal code		
Account number (see instructions)		1.17 in		3.30 in		
2.55 in		2.55 in		2.55 in		
Form 1099-Q    Cat. No. 32223J    www.irs.gov/form1099q    Department of the Treasury - Internal Revenue Service		<b>Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page</b>				

3131 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		PAYER'S/TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution \$ 2 Earnings \$	OMB No. 1545-1760  <b>2016</b>  Form 1099-Q	Payments From Qualified Education Programs (Under Sections 529 and 530)  <b>Copy A</b> For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
PAYER'S/TRUSTEE'S federal identification no.	RECIPIENT'S taxpayer identification no.	3 Basis \$	4 Trustee-to-trustee transfer <input type="checkbox"/>	5 Check one: • Qualified tuition program — Private <input type="checkbox"/> or State <input type="checkbox"/> • Coverdell ESA <input type="checkbox"/>	6 Check if the recipient is not the designated beneficiary <input type="checkbox"/>	
RECIPIENT'S name		Street address (including apt. no.)		City or town, state or province, country, and ZIP or foreign postal code		
Account number (see instructions)		1.17 in		3.30 in		
2.55 in		2.55 in		2.55 in		
Form 1099-Q    Cat. No. 32223J    www.irs.gov/form1099q    Department of the Treasury - Internal Revenue Service		<b>Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page</b>				

3131 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		PAYER'S/TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution \$ 2 Earnings \$	OMB No. 1545-1760  <b>2016</b>  Form 1099-Q	Payments From Qualified Education Programs (Under Sections 529 and 530)  <b>Copy A</b> For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
PAYER'S/TRUSTEE'S federal identification no.	RECIPIENT'S taxpayer identification no.	3 Basis \$	4 Trustee-to-trustee transfer <input type="checkbox"/>	5 Check one: • Qualified tuition program — Private <input type="checkbox"/> or State <input type="checkbox"/> • Coverdell ESA <input type="checkbox"/>	6 Check if the recipient is not the designated beneficiary <input type="checkbox"/>	
RECIPIENT'S name		Street address (including apt. no.)		City or town, state or province, country, and ZIP or foreign postal code		
Account number (see instructions)		1.17 in		3.30 in		
2.55 in		2.55 in		2.55 in		
Form 1099-Q    Cat. No. 32223J    www.irs.gov/form1099q    Department of the Treasury - Internal Revenue Service		<b>Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page</b>				



# Exhibit T

Form 1099-R

9898  VOID  CORRECTED

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Gross distribution		OMB No. 1545-0119 <b>2016</b> Form 1099-R		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>  <b>Copy A For Internal Revenue Service Center</b>  File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
		\$				
		2a Taxable amount		Total distribution <input type="checkbox"/>		
		\$				
PAYER'S federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a)		4 Federal income tax withheld		
		\$		\$		
RECIPIENT'S name		5 Employee contributions / Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities		
		\$		\$		
Street address (including apt. no.)		7 Distribution code(s)	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other		
				\$ %		
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution %		9b Total employee contributions		
				\$		
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	FATCA filing requirement <input type="checkbox"/>	12 State tax withheld	13 State/Payer's state no.	14 State distribution	
\$			\$		\$	
Account number (see instructions)		15 Local tax withheld		16 Name of locality	17 Local distribution	
		\$			\$	
		\$			\$	

Form 1099-R Cat. No. 14436Q www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service  
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9898  VOID  CORRECTED

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Gross distribution		OMB No. 1545-0119 <b>2016</b> Form 1099-R		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>  <b>Copy A For Internal Revenue Service Center</b>  File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
		\$				
		2a Taxable amount		Total distribution <input type="checkbox"/>		
		\$				
PAYER'S federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a)		4 Federal income tax withheld		
		\$		\$		
RECIPIENT'S name		5 Employee contributions / Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities		
		\$		\$		
Street address (including apt. no.)		7 Distribution code(s)	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other		
				\$ %		
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution %		9b Total employee contributions		
				\$		
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	FATCA filing requirement <input type="checkbox"/>	12 State tax withheld	13 State/Payer's state no.	14 State distribution	
\$			\$		\$	
Account number (see instructions)		15 Local tax withheld		16 Name of locality	17 Local distribution	
		\$			\$	
		\$			\$	

Form 1099-R Cat. No. 14436Q www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service

# Exhibit U

Form 1099-S

7575 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0097		<div style="font-size: 2em; font-weight: bold;">2016</div> <div style="font-weight: bold;">Proceeds From Real Estate Transactions</div>
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Date of closing	<div style="font-size: 2em; font-weight: bold;">2016</div> <div style="font-weight: bold;">Form 1099-S</div>	
		2 Gross proceeds		
		\$		
FILER'S federal identification number	TRANSFEROR'S identification number	3 Address or legal description (including city, state, and ZIP code)		<div style="font-weight: bold;">Copy A For Internal Revenue Service Center File with Form 1096.</div> <div style="font-size: 0.8em;">For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</div>
TRANSFEROR'S name				
Street address (including apt. no.)				
City or town, state or province, country, and ZIP or foreign postal code		4 Check here if the transferor received or will receive property or services as part of the consideration ► <input type="checkbox"/>		
Account or escrow number (see instructions)		5 Buyer's part of real estate tax		
		\$		
Form 1099-S    Cat. No. 64292E    www.irs.gov/form1099s    Department of the Treasury - Internal Revenue Service <b>Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page</b>				

7575 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0097		<div style="font-size: 2em; font-weight: bold;">2016</div> <div style="font-weight: bold;">Proceeds From Real Estate Transactions</div>
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Date of closing	<div style="font-size: 2em; font-weight: bold;">2016</div> <div style="font-weight: bold;">Form 1099-S</div>	
		2 Gross proceeds		
		\$		
FILER'S federal identification number	TRANSFEROR'S identification number	3 Address or legal description (including city, state, and ZIP code)		<div style="font-weight: bold;">Copy A For Internal Revenue Service Center File with Form 1096.</div> <div style="font-size: 0.8em;">For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</div>
TRANSFEROR'S name				
Street address (including apt. no.)				
City or town, state or province, country, and ZIP or foreign postal code		4 Check here if the transferor received or will receive property or services as part of the consideration ► <input type="checkbox"/>		
Account or escrow number (see instructions)		5 Buyer's part of real estate tax		
		\$		
Form 1099-S    Cat. No. 64292E    www.irs.gov/form1099s    Department of the Treasury - Internal Revenue Service <b>Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page</b>				

7575 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0097		<div style="font-size: 2em; font-weight: bold;">2016</div> <div style="font-weight: bold;">Proceeds From Real Estate Transactions</div>
FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Date of closing	<div style="font-size: 2em; font-weight: bold;">2016</div> <div style="font-weight: bold;">Form 1099-S</div>	
		2 Gross proceeds		
		\$		
FILER'S federal identification number	TRANSFEROR'S identification number	3 Address or legal description (including city, state, and ZIP code)		<div style="font-weight: bold;">Copy A For Internal Revenue Service Center File with Form 1096.</div> <div style="font-size: 0.8em;">For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.</div>
TRANSFEROR'S name				
Street address (including apt. no.)				
City or town, state or province, country, and ZIP or foreign postal code		4 Check here if the transferor received or will receive property or services as part of the consideration ► <input type="checkbox"/>		
Account or escrow number (see instructions)		5 Buyer's part of real estate tax		
		\$		
Form 1099-S    Cat. No. 64292E    www.irs.gov/form1099s    Department of the Treasury - Internal Revenue Service <b>Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page</b>				



# Exhibit V

Form 3921

2525  VOID  CORRECTED

TRANSFEROR'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted	OMB No. 1545-2129 <b>Form 3921</b> (Rev. August 2013)	<b>Exercise of an Incentive Stock Option Under Section 422(b)</b>  <b>Copy A</b> <b>For Internal Revenue Service Center</b>  <b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the <b>current version of the General Instructions for Certain Information Returns.</b>
		2 Date option exercised		
TRANSFEROR'S federal identification number	EMPLOYEE'S identification number	3 Exercise price per share	4 Fair market value per share on exercise date	
EMPLOYEE'S name		\$	\$	
Street address (including apt. no.)		5 No. of shares transferred		
City or town, state or province, country, and ZIP or foreign postal code		6 If other than TRANSFEROR, name, address, and EIN of corporation whose stock is being transferred		
Account number (see instructions)				

Form 3921 (Rev. August 2013) Cat. No. 411790 www.irs.gov/form3921 Department of the Treasury - Internal Revenue Service  
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2525  VOID  CORRECTED

TRANSFEROR'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted	OMB No. 1545-2129 <b>Form 3921</b> (Rev. August 2013)	<b>Exercise of an Incentive Stock Option Under Section 422(b)</b>  <b>Copy A</b> <b>For Internal Revenue Service Center</b>  <b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the <b>current version of the General Instructions for Certain Information Returns.</b>
		2 Date option exercised		
TRANSFEROR'S federal identification number	EMPLOYEE'S identification number	3 Exercise price per share	4 Fair market value per share on exercise date	
EMPLOYEE'S name		\$	\$	
Street address (including apt. no.)		5 No. of shares transferred		
City or town, state or province, country, and ZIP or foreign postal code		6 If other than TRANSFEROR, name, address, and EIN of corporation whose stock is being transferred		
Account number (see instructions)				

Form 3921 (Rev. August 2013) Cat. No. 411790 www.irs.gov/form3921 Department of the Treasury - Internal Revenue Service  
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2525  VOID  CORRECTED

TRANSFEROR'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Date option granted	OMB No. 1545-2129 <b>Form 3921</b> (Rev. August 2013)	<b>Exercise of an Incentive Stock Option Under Section 422(b)</b>  <b>Copy A</b> <b>For Internal Revenue Service Center</b>  <b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the <b>current version of the General Instructions for Certain Information Returns.</b>
		2 Date option exercised		
TRANSFEROR'S federal identification number	EMPLOYEE'S identification number	3 Exercise price per share	4 Fair market value per share on exercise date	
EMPLOYEE'S name		\$	\$	
Street address (including apt. no.)		5 No. of shares transferred		
City or town, state or province, country, and ZIP or foreign postal code		6 If other than TRANSFEROR, name, address, and EIN of corporation whose stock is being transferred		
Account number (see instructions)				

Form 3921 (Rev. August 2013) Cat. No. 411790 www.irs.gov/form3921 Department of the Treasury - Internal Revenue Service

2016 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0747 <span style="font-size: 2em; font-weight: bold;">2016</span> Form 5498		IRA Contribution Information
TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a) \$	2 Rollover contributions \$	Copy A  For Internal Revenue Service Center File with Form 1096.
TRUSTEE'S or ISSUER'S federal identification no. <span style="float: right;">PARTICIPANT'S social security number</span>		3 Roth IRA conversion amount \$	4 Recharacterized contributions \$	
PARTICIPANT'S name		5 Fair market value of account \$	6 Life insurance cost included in box 1 \$	For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
Street address (including apt. no.)		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>	9 SIMPLE contributions \$	
City or town, state or province, country, and ZIP or foreign postal code		8 SEP contributions \$	10 Roth IRA contributions \$	For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
Account number (see instructions)		11 Check if RMD for 2017 <input type="checkbox"/>	12a RMD date \$	
(Empty)		12b RMD amount \$	13a Postponed contribution \$	For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
(Empty)		13b Year \$	13c Code	
(Empty)		14a Repayments \$	14b Code	For Privacy Act and Paperwork Reduction Act Notice, see the 2016 General Instructions for Certain Information Returns.
(Empty)		15a FMV of certain specified assets \$	15b Code(s)	

Form 5498      Cat. No. 50010C      www.irs.gov/form5498      Department of the Treasury - Internal Revenue Service

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# Exhibit Y

Form 1042-S

Form **1042-S**

Foreign Person's U.S. Source Income Subject to Withholding

**2016**

OMB No. 1545-0096

Department of the Treasury  
Internal Revenue Service

Information about Form 1042-S and its separate instructions is at [www.irs.gov/form1042s](http://www.irs.gov/form1042s).

AMENDED

PRO-RATA BASIS REPORTING

**Copy A** for  
Internal Revenue Service

<b>1</b> Income code		<b>2</b> Gross income		<b>3</b> Chapter indicator. Enter "3" or "4"		<b>13e</b> Recipient's U.S. TIN, if any	
				<b>3a</b> Exemption code		<b>4a</b> Exemption code	
				<b>3b</b> Tax rate		<b>4b</b> Tax rate	
<b>5</b> Withholding allowance				<b>13f</b> Ch. 3 status code		<b>13g</b> Ch. 4 status code	
<b>6</b> Net income				<b>13h</b> Recipient's GIN		<b>13i</b> Recipient's foreign tax identification number, if any	
<b>7a</b> Federal tax withheld				<b>13j</b> Recipient's date of birth		<b>13k</b> Recipient's account number	
<b>7b</b> Check if tax not deposited with IRS pursuant to escrow procedure <input type="checkbox"/>				<b>14a</b> Primary Withholding Agent's Name (if applicable)		<b>14b</b> Primary Withholding Agent's EIN	
<b>8</b> Tax withheld by other agents				<b>15a</b> Intermediary or flow-through entity's EIN, if any		<b>15b</b> Ch. 3 status code	
<b>9</b> Tax paid by withholding agent				<b>15c</b> Ch. 4 status code		<b>15d</b> Ch. 3 status code	
<b>10</b> Total withholding credit				<b>15e</b> Intermediary or flow-through entity's name		<b>15f</b> Country code	
<b>11</b> Amount repaid to recipient				<b>15g</b> Foreign tax identification number, if any		<b>15h</b> Address (number and street)	
<b>12a</b> Withholding agent's EIN		<b>12b</b> Ch. 3 status code		<b>12c</b> Ch. 4 status code		<b>15i</b> City or town, state or province, country, ZIP or foreign postal code	
<b>12d</b> Withholding agent's name				<b>16a</b> Payer's name		<b>16b</b> Payer's TIN	
<b>12e</b> Withholding agent's Global Intermediary Identification Number (GIN)				<b>16c</b> Payer's GIN		<b>16d</b> Ch. 3 status code	
<b>12f</b> Country code		<b>12g</b> Foreign taxpayer identification number, if any		<b>16e</b> Ch. 4 status code		<b>16f</b> Ch. 3 status code	
		<b>4.17 in</b>		<b>17a</b> State income tax withheld		<b>17b</b> Payer's state tax no.	
<b>12h</b> Address (number and street)				<b>17c</b> Name of state			
<b>12i</b> City or town, state or province, country, ZIP or foreign postal code							
<b>13a</b> Recipient's name		<b>13b</b> Recipient's country code					
<b>13c</b> Address (number and street)							
<b>13d</b> City or town, state or province, country, ZIP or foreign postal code							

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat. No. 11386R

Form **1042-S** (2016)



## Rev. Proc. 2016-36

### SECTION 1. PURPOSE

This revenue procedure provides guidance regarding the application of §§ 1.72-2(b)(2) and 1.72-4(b)(1) of the Income Tax Regulations to amounts to which § 72 of the Internal Revenue Code applies that are received from a non-qualified contract. This revenue procedure does not apply to amounts to which § 72 applies that are received under a qualified plan as described in § 72(e)(5)(D). See Notice 2016-39, 2016-26 I.R.B. 1068.

### SECTION 2. BACKGROUND

.01 In general, § 72 provides that distributions from an annuity, endowment, or life insurance contract are includible in gross income except to the extent the distribution is a non-taxable return of investment. For purposes of determining the extent to which a distribution is a non-taxable return of investment, § 72 distinguishes between an “amount received as an annuity” and an “amount not received as an annuity.”

.02 Notice 2016-39 concludes that periodic phased retirement benefits under a qualified defined benefit plan do not qualify as “amounts received as an annuity” for purposes of § 72 if all the following conditions apply:

(1) The employee begins to receive a portion of his or her retirement benefits when he or she enters phased retirement and begins part-time employment, and will not begin receiving his or her entire plan benefits until he or she ceases employment and commences full retirement at an indeterminate future time (for this purpose, even if a full retirement date is agreed upon at commencement of phased retirement, the employee’s date of full retirement is indeterminate as long as it is possible that date could change);

(2) The plan’s obligations to the employee are based in part on the employee’s continued part-time employment (which

affects both the duration of the payment of phased retirement benefits and the amount of additional retirement benefits the employee accrues during that period of part-time employment); and

(3) Under the plan terms, the employee does not have an election as to the form of the phased retirement benefit to be paid during phased retirement, but elects a distribution option at full retirement that applies to the employee’s entire retirement benefit, including the portion that commenced as phased retirement benefits.

.03 Notice 2016-39 provides that because the benefits are amounts not received as an annuity that are paid under a qualified defined benefit plan, the employee recovers investment in the contract under the rules in § 72(e)(8).

### SECTION 3. APPLICATION

.01 Section 72 differentiates between amounts received from qualified plans and amounts received from non-qualified contracts. In particular, the treatment of amounts that are not received as an annuity differs substantially depending on whether the amount is received from a qualified plan or a non-qualified contract.

.02 Section 72(b)(1) provides that gross income does not include that part of any amount received as an annuity under an annuity, endowment, or life insurance contract that bears the same ratio to that amount as the investment in the contract (as of the annuity starting date) bears to the expected return under the contract. For purposes of § 72(b), the investment in the contract as of the annuity starting date is (1) the aggregate amount of premiums or other consideration paid for the contract, minus (2) the aggregate amount received under the contract before such date, to the extent that such amount was excludable from gross income. Section 72(c).

.03 Section 72(b), however, does not apply in the case of any amount received as an annuity under a qualified employer retirement plan described in § 72(d)(1)(G) (which includes a qualified defined benefit plan described in § 401(a)). Instead, the investment in the contract is recovered under the simplified method of § 72(d)(1). Under this method, gross income excludes

the portion of a monthly annuity that does not exceed the amount obtained by dividing (1) the investment in the contract by (2) the number of anticipated payments determined under the table in § 72(d)(1)(B)(iii).

.04 Section 72(e) applies to any amount that is received under an annuity, endowment, or life insurance contract and is not received as an annuity. Section 72(e)(2)(B) provides that if an amount to which § 72(e) applies is received before the annuity starting date, it is included in gross income to the extent allocable to income on the contract and is excluded from gross income to the extent allocable to the investment in the contract. Section 72(e)(3)(A) provides that for purposes of section 72(e)(2)(B) an amount is treated as allocable to income on the contract to the extent such amount does not exceed the excess (if any) of the cash value of the contract (determined without regard to any surrender charge) immediately before the amount is received over the investment in the contract at such time.

.05 Section 72(e)(8), however, provides special rules for amounts not received as an annuity from a trust or contract described in § 72(e)(5)(D) (which includes a qualified defined benefit plan described in § 401(a)). Under § 72(e)(8)(B) and (C), the amount allocated to the investment in the contract is the portion of the distribution that bears the same ratio to the amount of the distribution as the investment in the contract bears to the vested account balance. Section 72(e)(8)(B) provides that this determination is made at the time of the distribution or at a time prescribed by the Secretary.

.06 The Internal Revenue Service will not apply Notice 2016-39 to amounts received from a non-qualified contract. Accordingly, in applying §§ 1.72-2(b)(2) and 1.72-4(b)(1) to a non-qualified contract, the possibility of further contributions to the contract or a subsequent election under the contract to receive the benefit payable under the contract in a different manner generally will not affect the determination of whether payments are amounts received as an annuity.

**SECTION 4. EFFECTIVE DATE**

This revenue procedure applies to taxable years beginning on or after January 1, 2016. Taxpayers, however, may apply this revenue procedure to taxable years beginning before that date. This revenue procedure does not apply to amounts to which § 72 applies that are received under a

qualified plan as described in § 72(e)(5)(D). *See* Notice 2016–39.

**SECTION 5. DRAFTING INFORMATION**

The principal author of this revenue procedure is Alexis A. MacIvor of the

Office of Assistant Chief Counsel (Financial Institutions and Products). For further information regarding this revenue procedure, contact Ms. MacIvor at 202-317-6995 (not a toll-free number).



## Part IV. Items of General Interest

### Certain Transfers of Property to Regulated Investment Companies [RICs] and Real Estate Investment Trusts [REITs]

#### REG-126452-15

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations effecting the repeal of the *General Utilities* doctrine by the Tax Reform Act of 1986. The text of those regulations also serves as part of the text of these proposed regulations. These proposed regulations would impose corporate level tax on certain transactions in which property of a C corporation becomes the property of a REIT. The proposed regulations also make an amendment not addressed in the temporary regulations. The proposed regulations affect RICs, REITs, C corporations the property of which becomes the property of a RIC or a REIT, and their shareholders.

DATES: Comments and requests for a public hearing must be received by August 8, 2016.

ADDRESSES: Send submissions to: CC: PA:LPD:PR (REG-126452-15), room 5203, Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-126452-15), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC, 20224 or sent electronically via the Federal eRulemaking Portal at <http://www.regulations.gov/> (IRS REG-126452-15).

#### FOR FURTHER INFORMATION

CONTACT: Concerning the proposed regulations, Austin M. Diamond-Jones,

(202) 317-5085; concerning the submission of comments or to request a public hearing, Regina Johnson, (202) 317-6901 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Background and Explanation of Provisions

Temporary regulations in the Rules and Regulations section of this issue of the **Bulletin** amend the Income Tax Regulations (26 CFR part 1) relating to section 337(d). The temporary regulations impose corporate level tax on certain transactions in which property of a C corporation becomes the property of a REIT. The text of those regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the amendments.

The proposed regulations also include a modification to the definition of converted property that is not addressed in the temporary regulations. This modification treats as converted property any property the basis of which is determined, directly or indirectly, in whole or in part, by reference to the basis of property owned by a C corporation that becomes the property of a RIC or a REIT. The Treasury Department and the IRS believe that such property presents similar concerns with regard to the purposes of *General Utilities* repeal as other property of a C corporation that becomes the property of a RIC or REIT.

##### Special Analyses

Certain IRS regulations, including this one, are exempt from the requirements of Executive Order 12866, as supplemented and reaffirmed by Executive Order 13653. Therefore, a regulatory impact assessment is not required. Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that these proposed regulations would not have a significant economic impact on a substantial number of small entities. This certification is based on the fact that these proposed regulations would primarily affect large corporations with a substantial number of shareholders. Therefore, a regulatory flexibility analysis is not required. 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.

##### Comments and Requests for Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the "Addresses" heading. The Treasury Department and the IRS request comments on all aspects of the proposed regulations. In particular, comments are requested regarding the scope of the terms predecessors and successors. In addition, although related section 355 distributions occurring before or after conversion transactions involving RICs do not present the same degree of concern regarding the purposes of *General Utilities* repeal, comments are requested as to whether the proposed regulations regarding related section 355 distributions should, like the rules of § 1.337(d)-7 generally, apply to both conversion transactions involving RICs and conversion transactions involving REITs. All comments will be available at [www.regulations.gov](http://www.regulations.gov) or upon request. A public hearing will be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place of the public hearing will be published in the **Federal Register**.

##### Drafting Information

The principal author of these regulations is Austin M. Diamond-Jones of the Office of Associate Chief Counsel (Corporate). Other personnel from the Treasury Department and the IRS participated in their development.

\* \* \* \* \*

##### Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by revising the entry for § 1.337(d)-7 to read in part as follows:

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

Section 1.337(d)-7 also issued under 26 U.S.C. 337(d) and 355(h).  
\*\*\*\*\*

Par. 2. Section 1.337(d)-7 is amended by:

1. Revising paragraph (a)(1) and adding paragraphs (a)(2)(vi) and (vii).
2. Revising paragraph (b)(2)(iii).
3. Adding paragraph (b)(4).
4. Revising paragraph (c)(1).
5. Adding paragraph (c)(6).
6. Adding paragraph (f).
7. Revising paragraphs (g)(2)(ii) and (iii).
8. Adding paragraph (g)(2)(iv).

The additions and revisions read as follows:

§ 1.337(d)-7 *Tax on property owned by a C corporation that becomes property of a RIC or REIT.*

(a) *General rule.* (1) [The text of the proposed amendment to § 1.337(d)-7(a)(1) is the same as the text of § 1.337(d)-7T(a)(1) published elsewhere in this issue of the **Bulletin**].

(2) \* \* \*

(vi) [The text of the proposed amendment to § 1.337(d)-7(a)(2)(vi) is the same as the text of § 1.337(d)-7T(a)(2)(vi) pub-

lished elsewhere in this issue of the **Bulletin**].

(vii) *Converted property.* The term *converted property* means property owned by a C corporation that becomes the property of a RIC or a REIT and any other property the basis of which is determined, directly or indirectly, in whole or in part, by reference to the basis of the property owned by a C corporation that becomes the property of a RIC or a REIT.

(b) \* \* \*

(2) \* \* \*

(iii) [The text of the proposed amendment to § 1.337(d)-7(b)(2)(iii) is the same as the text of § 1.337(d)-7T(b)(2)(iii) published elsewhere in this issue of the **Bulletin**].

\* \* \* \* \*

(4) [The text of the proposed amendment to § 1.337(d)-7(b)(4) is the same as the text of § 1.337(d)-7T(b)(4) published elsewhere in this issue of the **Bulletin**].

\* \* \* \* \*

(c) *Election of deemed sale treatment.* (1) [The text of the proposed amendment to § 1.337(d)-7(c)(1) is the same as the text of § 1.337(d)-7T(c)(1) published elsewhere in this issue of the **Bulletin**].

\* \* \* \* \*

(6) [The text of the proposed amendment to § 1.337(d)-7(c)(6) is the same as the text of § 1.337(d)-7T(c)(6) published elsewhere in this issue of the **Bulletin**].

\* \* \* \* \*

(f) [The text of the proposed amendment to § 1.337(d)-7(f) is the same as the

text of § 1.337(d)-7T(f) published elsewhere in this issue of the **Bulletin**].

(g) \* \* \*

(2) \* \* \*

(ii) *Conversion transactions occurring on or after June 7, 2016.* Paragraphs (a)(1), (a)(2)(vi), (b)(4), (c)(1), (c)(6), and (f) of this section will apply to conversion transactions occurring on or after June 7, 2016 and to conversion transactions and related section 355 distributions for which the conversion transaction occurs before, and the related section 355 distribution occurs on or after, June 7, 2016. For conversion transactions that occurred on or after January 2, 2002 and before June 7, 2016, see § 1.337(d)-7 as contained in 26 CFR part 1 in effect on April 1, 2016.

(iii) [The text of the proposed amendment to § 1.337(d)-7(g)(2)(iii) is the same as the text of § 1.337(d)-7T(g)(2)(iii) published elsewhere in this issue of the **Bulletin**].

(iv) *Converted property.* Paragraph (a)(2)(vii) of this section applies to conversion transactions that occur on or after the date these regulations are published in the **Federal Register** as final regulations.

John Dalrymple,  
Deputy Commissioner  
for Services and Enforcement.

(Filed by the Office of the Federal Register on June 7, 2016, 8:45 a.m., and published in the issue of the Federal Register for June 8, 2016, 81 F.R. 36816)

# 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 sub-

stance 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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<sup>1</sup>A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2015–27 through 2015–52 is in Internal Revenue Bulletin 2015–52, dated December 28, 2015.



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## **Washington, DC 20224**

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## **INTERNAL REVENUE BULLETIN**

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/*.

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