INTERNAL REVENUE
BULLETIN

IRS

Bulletin No. 2015–44
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HIGHLIGHTS OF THIS ISSUE

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

INCOME TAX

Rev. Rul. 2015–22, page 610.
Federal rates; adjusted federal rates; adjusted federal long-term rate and the long-term exempt rate. For purposes of sections 382, 642, 1274, 1288, and other sections of the Code, tables set forth the rates for November 2015.

Rev. Proc. 2015–53, page 615.
This procedure provides the 2016 cost-of-living adjustments to certain items due to inflation as required by various provisions of the Code and Service guidance.

ESTATE TAX

Rev. Proc. 2015–53, page 615.
This procedure provides the 2016 cost-of-living adjustments to certain items due to inflation as required by various provisions of the Code and Service guidance.

GIFT TAX

Rev. Proc. 2015–53, page 615.
This procedure provides the 2016 cost-of-living adjustments to certain items due to inflation as required by various provisions of the Code and Service guidance.

EXCISE TAX

Rev. Proc. 2015–53, page 615.
This procedure provides the 2016 cost-of-living adjustments to certain items due to inflation as required by various provisions of the Code and Service guidance.

ADMINISTRATIVE

Rev. Proc. 2015–53, page 615.
This procedure provides the 2016 cost-of-living adjustments to certain items due to inflation as required by various provisions of the Code and Service guidance.

Notice 2015–72, page 613.
This proposed revenue procedure updates Rev. Proc. 87.24, 1987–1 C.B. 720, which describes the practices for the administrative appeals process in cases docketed in the United States Tax Court.

Finding Lists begin on page ii.

The IRS Mission

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

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

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

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

Rev. Rul. 2015–22

This revenue ruling provides various prescribed rates for federal income tax purposes for November 2015 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, with respect to housing credit dollar amount allocations made before January 1, 2015, shall not be less than 9%. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 2015–22 TABLE 1

Applicable Federal Rates (AFR) for November 2015

	Period for Compounding			
	Annual	*Semiannual*	*Quarterly*	*Monthly*
		Short-term		
AFR	.49%	.49%	.49%	.49%
110% AFR	.54%	.54%	.54%	.54%
120% AFR	.59%	.59%	.59%	.59%
130% AFR	.64%	.64%	.64%	.64%
		Mid-term		
AFR	1.59%	1.58%	1.58%	1.57%
110% AFR	1.75%	1.74%	1.74%	1.73%
120% AFR	1.91%	1.90%	1.90%	1.89%
130% AFR	2.06%	2.05%	2.04%	2.04%
150% AFR	2.38%	2.37%	2.36%	2.36%
175% AFR	2.79%	2.77%	2.76%	2.75%
		Long-term		
AFR	2.57%	2.55%	2.54%	2.54%
110% AFR	2.83%	2.81%	2.80%	2.79%
120% AFR	3.08%	3.06%	3.05%	3.04%
130% AFR	3.35%	3.32%	3.31%	3.30%

REV. RUL. 2015–22 TABLE 2

Adjusted AFR for November 2015

	Period for Compounding			
	Annual	*Semiannual*	*Quarterly*	*Monthly*
Short-term adjusted AFR	.49%	.49%	.49%	.49%
Mid-term adjusted AFR	1.49%	1.48%	1.48%	1.48%
Long-term adjusted AFR	2.57%	2.55%	2.54%	2.54%

REV. RUL. 2015–22 TABLE 3
Rates Under Section 382 for November 2015

Adjusted federal long-term rate for the current month	2.57%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	2.64%

REV. RUL. 2015–22 TABLE 4
Appropriate Percentages Under Section 42(b)(1) for November 2015

Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, with respect to housing credit dollar amount allocations made before January 1, 2015 shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.48%
Appropriate percentage for the 30% present value low-income housing credit	3.20%

REV. RUL. 2015–22 TABLE 5
Rate Under Section 7520 for November 2015

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	2.0%

Section 42.—Low-Income Housing Credit

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

Section 280G.—Golden Parachute Payments

Federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

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

The adjusted applicable federal long-term rate is set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

Section 412.—Minimum Funding Standards

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

Section 482.—Allocation of Income and Deductions Among Taxpayers

Federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

Section 483.—Interest on Certain Deferred Payments

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

Section 642.—Special Rules for Credits and Deductions

Federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

Section 807.—Rules for Certain Reserves

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

Section 846.—Discounted Unpaid Losses Defined

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

Section 7520.—Valuation Tables

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

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

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2015. See Rev. Rul. 2015–22, page 610.

Part III. Administrative, Procedural, and Miscellaneous

Administrative, Procedural, and Miscellaneous

Notice 2015–72

This notice provides a proposed revenue procedure that would update Rev. Proc. 87–24, 1987–1 C.B. 720, which describes the practices for the administrative appeals process in cases docketed in the United States Tax Court (Tax Court). Since the issuance of Rev. Proc. 87–24 in January 1987, the Internal Revenue Service (IRS) has been reorganized several times, the volume of litigation in the Tax Court has increased, and the IRS has adopted new policies and procedures to more efficiently manage the IRS's work load. Accordingly, Rev. Proc. 87–24 needs to be updated to more accurately reflect the procedures utilized in managing the flow of docketed cases between the Office of Appeals (Appeals) and the Office of Chief Counsel (Counsel).

The proposed update to Rev. Proc. 87–24 is not intended to materially modify the current practice of referring docketed cases to Appeals for settlement currently utilized in the vast majority of cases. The proposed revenue procedure describes the policies to ensure that docketed cases are handled consistently nationwide. Additionally, the proposed revenue procedure updates official titles and removes the exclusion for cases governed by rulings by the National Office in employee plans and exempt organizations to reflect recent organization changes in the Tax Exempt and Government Entities Division. *See* Rev. Proc. 87–24, § 3, 1987–1 C.B. 720.

The proposed revenue procedure clarifies that, except in rare circumstances, Counsel will refer cases docketed in Tax Court to Appeals for settlement consideration. However, the proposed revenue procedure recognizes that there are cases and issues that should not be referred to Appeals or for which Counsel needs additional time before referring the case to Appeals. The proposed revenue procedure clarifies the procedures for when those situations arise.

The proposed revenue procedure promotes the shared responsibility of Counsel and Appeals to interact in a manner that preserves Appeals' independence. For instance, the proposed revenue procedure clarifies that, even in docketed cases, Appeals may exclude Counsel from settlement conferences with the taxpayer if Appeals determines Counsel's involvement will not further settlement of the case. The proposed revenue procedure also addresses coordination if a taxpayer raises a new issue while the docketed case is in Appeals.

Finally, the proposed revenue procedure describes procedures for requesting assistance from Counsel while the docketed case is in Appeals, and the internal procedures for handling and transferring custody of the administrative file for docketed cases referred to Appeals.

Because the provisions in the proposed revenue procedure affect a taxpayer's case that is docketed in Tax Court, the IRS requests comments on the procedures contained in the proposed update to Rev. Proc. 87–24. Comments should be submitted by November 16, 2015 to:

Internal Revenue Service
Attn: CC:PA:LPD:PR
(Notice 2015–72)
Room 5203
P.O. Box 7602
Ben Franklin Station
Washington, D.C. 20044

or hand deliver comments Monday through Friday between the hours of 8 a.m. and 4 p.m. to:

Courier's Desk
Internal Revenue Service
Attn: CC:PA:LPD:PR
(Notice 2015–72)
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Alternatively, persons may submit comments electronically via e-mail to the following address: *Notice.Comments@irscounsel.treas.gov*. Please include "Notice 2015–72" in the subject line of any electronic communications. All comments submitted by the public will be available for public inspection and copying in their entirety.

Proposed Rev. Proc. [XXXX–XX]

SECTION 1. PURPOSE

This revenue procedure updates Rev. Proc. 87–24, 1987–1 C.B. 720, to clarify and describe the practices for the administrative appeals process in cases docketed in the United States Tax Court (Tax Court). The purpose of this revenue procedure is to facilitate effective utilization of administrative appeals and achieve earlier development and disposition of Tax Court cases.

SECTION 2. BACKGROUND

.01 The Office of Chief Counsel (Counsel) is charged with the responsibility of representing the Commissioner of Internal Revenue in cases docketed in the Tax Court. I.R.C. §§ 7452, 7803(b)(2)(D).

.02 The Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. 105–206, § 1001(4), 112 Stat. 685, 689, requires the Internal Revenue Service (IRS) to "ensure an independent appeals function" within the IRS.

.03 Under Rev. Proc. 2012–18, 2012–1 C.B. 455, the rules prohibiting ex parte communications between Counsel and the Office of Appeals (Appeals) do not apply to cases docketed in the Tax Court. However, Counsel and Appeals share a responsibility to interact – in all circumstances – in a manner that preserves and promotes Appeals' independence. *See* Rev. Proc. 2012–18, § 2.02(2), 2012–1 C.B. 455, 457.

SECTION 3. PROCEDURES

Cases docketed in the Tax Court will be processed under the following procedures:

.01 Except as set forth in section 3.03 and section 4 of this Revenue Procedure, Counsel will refer docketed cases to Appeals for settlement consideration unless 1) Appeals issued the notice of deficiency or made the determination that is the basis of the Tax Court's jurisdiction or 2) the taxpayer foregoes settlement consideration by Appeals.

.02 If Appeals issues a notice of deficiency or makes a determination without having fully considered one or more issues because of an impending expiration of the statute of limitations on assessment, Appeals may include a request in the administrative case file for Counsel to return the case to Appeals for full consideration of the issue or issues once the case is docketed in the Tax Court. If Appeals includes such a request in the administrative case file, the case will be treated as if Appeals did not issue the notice of deficiency or make the determination.

.03 Counsel will not refer to Appeals any docketed case or issue that has been designated for litigation by Counsel. In limited circumstances, a docketed case or issue will not be referred to Appeals if Division Counsel or a higher level Counsel official determines that referral is not in the interest of sound tax administration. For example, Counsel may decide not to refer a docketed case to Appeals in cases involving a significant issue common to other cases in litigation for which it is important that the IRS maintain a consistent position or in cases related to a case over which the Department of Justice has jurisdiction. If Counsel determines that a docketed case or issue will not be referred to Appeals, Counsel will notify the taxpayer that the case will not be referred to Appeals.

.04 For cases not covered by the exceptions in section 3 or the exclusions in section 4, Counsel will refer a docketed case to Appeals within 30 days of the case becoming "at issue in the Tax Court" (as defined by Tax Ct. R. 38). Counsel may, with manager approval, delay forwarding a docketed case to Appeals if Counsel identifies a need for additional time. A delay of more than 90 days (120 days from when the case is at issue) requires approval of a Counsel executive. If a delay of more than 90 days is approved, Counsel will discuss with Appeals the need for the delay and when Counsel expects to forward the case to Appeals for settlement consideration. Examples of when Counsel may delay forwarding a docketed case to Appeals include, but are not limited to, cases in which Counsel determines a need to retain the administrative file for early trial preparation or when new facts, issues, or items are raised in the pleadings. Counsel may also delay forwarding a docketed case to Appeals when Counsel anticipates filing a dispositive motion, in which case Counsel will retain the case until the Tax Court rules on the motion. If a delay of more than 90 days is approved, Counsel will notify the taxpayer that referral of the case to Appeals will be delayed.

.05 When a docketed case is forwarded to Appeals for consideration, Appeals has the sole authority to resolve the case through settlement until the case is returned to Counsel.

.06 To the extent feasible, Counsel will alert Appeals about limits on the amount of time that Appeals may have the case for settlement consideration when Counsel forwards the case to Appeals. In such cases, Counsel and Appeals shall then agree upon the time when the case will be returned to Counsel.

.07 In any docketed case proceeding as a small tax case under the provisions of section 7463, Appeals will return the case to Counsel six months after the case is received by Appeals, or earlier, if necessary, so that it is received by Counsel no later than three weeks prior to the date of the calendar call. In all other cases, Appeals will return the case to Counsel when Appeals concludes that the case is not susceptible to settlement or within 10 days after the case appears on a trial calendar, whichever is sooner. In all cases, Counsel and Appeals may agree to extend the time for Appeals to consider a case if settlement appears reasonably likely.

.08 By agreement between Counsel and Appeals, any docketed case may be transferred from Counsel to Appeals or from Appeals to Counsel, as appropriate, notwithstanding the fact that the case was previously considered by the receiving function. This authority will be used when such transfer will promote a more efficient disposition of the case.

.09 Upon request, Appeals will make the administrative case file, or a copy, readily available to Counsel when needed for trial preparation. A request for the administrative case file by Counsel will not transfer settlement authority back to Counsel. Counsel will promptly return the administrative file to Appeals on request, or when it is no longer needed by Counsel for trial preparation.

.10 When transferring a docketed case to Appeals, Counsel may request to be included in a settlement conference with the taxpayer. Appeals may, with manager approval, decline to include Counsel in the settlement conference if, after considering the views of both Counsel and the taxpayer, Appeals determines that Counsel's participation in the settlement conference will not further settlement of the case. Whether or not Counsel participates in the settlement conference, Counsel will continue with trial preparation, which may include, but is not limited to, asking the taxpayer to participate in informal discovery conferences with Counsel only.

.11 Appeals will provide Counsel with access to any documents received by Appeals in a settlement conference with respect to the docketed case.

.12 If a taxpayer or the taxpayer's representative raises an issue for the first time while the docketed case is with Appeals for settlement consideration, Appeals will advise Counsel as soon as the new issue is identified and coordinate with Counsel to obtain Counsel's views on the new issue. In such cases, and in docketed cases containing an issue that was not previously examined, Counsel will work with the examination function of the relevant operating division, as needed, to develop the material facts relating to the new issue prior to Appeals' consideration of the issue.

.13 In evaluating the merits of a docketed case that has been referred to Appeals for settlement consideration, Appeals may obtain advice from Counsel and consider it in conjunction with other factors to reach a basis for settlement.

.14 In all docketed cases transferred to Appeals, Counsel may request that Appeals return the case (including settlement authority) to Counsel before Appeals has completed its consideration of the case under its settlement authority if Counsel determines that it is needed for trial preparation.

.15 If Appeals reaches a settlement with the taxpayer in the docketed case, Appeals generally will prepare a stipulated decision document reflecting the proposed resolution and forward it to the taxpayer. Counsel may assist with the drafting of the decision document as needed. By signing the proposed stipulated decision document and returning the document to the IRS, the taxpayer makes an offer to settle the case. Counsel will review the decision document for accuracy and completeness, sign the decision document on behalf of the Commissioner, and file the document with the Tax Court.

SECTION 4. EXCLUSIONS

.01 Section 3 does not apply to cases docketed under section 6015(e)(1)(A)(i)(II), section 6110, sections 6320 and 6330, section 6402, section 7428, section 7476, section 7477, section 7478, and section 7479 of the Internal Revenue Code. For cases docketed under section 6213(a), section 3 does not apply to section 6015 relief raised for the first time in the petition.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 87–24, 1987–1 C.B. 720, is superseded.

SECTION 6. EFFECTIVE DATE

This revenue procedure is applicable to all docketed Tax Court cases pending on or after [insert date revenue procedure is released to the public].

SECTION 7. DRAFTING INFORMATION

The principal author of this revenue procedure is Jenni Black of the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this revenue procedure contact Jenni Black on (202) 317-6834 (not a toll-free number).

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26 CFR 601.602: Tax forms and instructions.
(Also Part I, §§ 1, 23, 24, 25A, 32, 36B, 42, 45R, 55, 59, 62, 63, 68, 125, 132(f),135, 137, 146, 147, 148, 151, 213, 220, 221, 512, 513, 877, 877A, 911, 2010, 2032A, 2503, 2523, 4161, 4261, 6033, 6039F, 6323, 6334, 6601, 6651, 6652, 6695, 6698, 6699, 6721, 6722, 7430, 7702B; 1.148–5.)

Rev. Proc. 2015–53

TABLE OF CONTENTS

SECTION 1. PURPOSE

This revenue procedure sets forth inflation-adjusted items for 2016.

SECTION 2. CHANGES

.01 Section 202 of the Airport and Airways Extension Act of 2015, Pub. L. 114–55, amended § 4261(k)(1)(A)(ii) of the Internal Revenue Code (which governs the period of applicability of § 4261(b)(1), (c)(1), and (c)(3)). The effect of this amendment is to temporarily extend the passenger air transportation excise taxes of $3.00 for domestic travel, $12.00 for international travel, and $6.00 for departures beginning or ending in Alaska or Hawaii. These excise taxes apply to transportation taken through March 31, 2016. After this date, the taxes and rates will expire unless Congress renews them.

.02 Section 2102 of the Small Business Jobs Act of 2010, Pub. L. 111–240, 124 Stat. 2504, provides that for each fifth calendar year beginning after 2012, the penalty under § 6721, Failure to File Correct Information Returns, and the penalty under § 6722, Failure to Furnish Correct Payee Statements, will be adjusted for inflation.

Section 208 of the Tax Increase Prevention Act of 2014, Achieving a Better Life Experience (ABLE) Act, Pub. L. 113–295, 128 Stat. 4010, provides for inflation adjustments for certain Civil Penalties under the Code (§§ 6651, 6652(c), 6695, 6698, 6699, 6721, and 6722) for returns and statements required to be filed after December 31, 2014. For returns and statements required to be filed after December 31, 2015, Section 806 of the Trade Preferences Extension Act of 2015, Pub. L. 114–27, 129 Stat. 362, increased the tax penalties for failure to file correct information returns and furnish correct payee statements under §§ 6721 and 6722, respectively.

SECTION 3. 2016 ADJUSTED ITEMS

.01 *Tax Rate Tables*. For taxable years beginning in 2016, the tax rate tables under § 1 are as follows:

TABLE 1 — Section 1(a) — Married Individuals Filing Joint Returns and Surviving Spouses

If Taxable Income Is:	*The Tax Is:*
Not over $18,550	10% of the taxable income
Over $18,550 but not over $75,300	$1,855 plus 15% of the excess over $18,550
Over $75,300 but not over $151,900	$10,367.50 plus 25% of the excess over $75,300
Over $151,900 but not over $231,450	$29,517.50 plus 28% of the excess over $151,900
Over $231,450 but not over $413,350	$51,791.50 plus 33% of the excess over $231,450
Over $413,350 but not over $466,950	$111,818.50 plus 35% of the excess over $413,350
Over $466,950	$130,578.50 plus 39.6% of the excess over $466,950

TABLE 2 — Section 1(b) — Heads of Households

If Taxable Income Is:	*The Tax Is:*
Not over $13,250	10% of the taxable income
Over $13,250 but not over $50,400	$1,325 plus 15% of the excess over $13,250
Over $50,400 but not over $130,150	$6,897.50 plus 25% of the excess over $50,400
Over $130,150 but not over $210,800	$26,835 plus 28% of the excess over $130,150
Over $210,800 but not over $413,350	$49,417 plus 33% of the excess over $210,800
Over $413,350 not over $441,000	$116,258.50 plus 35% of the excess over $413,350
Over $441,000	$125,936 plus 39.6% of the excess over $441,000

TABLE 3 — Section 1(c) — Unmarried Individuals (other than Surviving Spouses and Heads of Households)

If Taxable Income Is:	*The Tax Is:*
Not over $9,275	10% of the taxable income
Over $9,275 but not over $37,650	$927.50 plus 15% of the excess over $9,275
Over $37,650 but not over $91,150	$5,183.75 plus 25% of the excess over $37,650
Over $91,150 but not over $190,150	$18,558.75 plus 28% of the excess over $91,150
Over $190,150 but not over $413,350	$46,278.75 plus 33% of the excess over $190,150
Over $413,350 not over $415,050	$119,934.75 plus 35% of the excess over $413,350
Over $415,050	$120,529.75 plus 39.6% of the excess over $415,050

TABLE 4 — Section 1(d) — Married Individuals Filing Separate Returns

If Taxable Income Is:	*The Tax Is:*
Not over $9,275	10% of the taxable income
Over $9,275 but not over $37,650	$927.50 plus 15% of the excess over $9,275
Over $37,650 but not over $75,950	$5,183.75 plus 25% of the excess over $37,650
Over $75,950 but not over $115,725	$14,758.75 plus 28% of the excess over $75,950
Over $115,725 but not over $206,675	$25,895.75 plus 33% of the excess over $115,725
Over $206,675 not over $233,475	$55,909.25 plus 35% of the excess over $206,675
Over $233,475	$65,289.25 plus 39.6% of the excess over $233,475

TABLE 5 — Section 1(e) — Estates and Trusts

If Taxable Income Is:	*The Tax Is:*
Not over $2,550	15% of the taxable income
Over $2,550 but not over $5,950	$382.50 plus 25% of the excess over $2,550
Over $5,950 but not over $9,050	$1,232.50 plus 28% of the excess over $5,950
Over $9,050 but not over $12,400	$2,100.50 plus 33% of the excess over $9,050
Over $12,400	$3,206 plus 39.6% of the excess over $12,400

.02 *Unearned Income of Minor Children Taxed as if Parent's Income (the "Kiddie Tax").* For taxable years beginning in 2016, the amount in § 1(g)(4)(A)(ii)(I), which is used to reduce the net unearned income reported on the child's return that is subject to the "kiddie tax," is $1,050. This $1,050 amount is the same as the amount provided in § 63(c)(5)(A), as adjusted for inflation. The same $1,050 amount is used for purposes of § 1(g)(7) (that is, to determine whether a parent may elect to include a child's gross income in the parent's gross income and to calculate the "kiddie tax"). For example, one of the requirements for the parental election is that a child's gross income is more than the amount referenced in § 1(g)(4)(A)(ii)(I) but less than 10 times that amount; thus, a child's gross income for 2016 must be more than $1,050 but less than $10,500.

.03 *Adoption Credit.* For taxable years beginning in 2016, under § 23(a)(3) the credit allowed for an adoption of a child with special needs is $13,460. For taxable years beginning in 2016, under § 23(b)(1) the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to $13,460. The available adoption credit begins to phase out under § 23(b)(2)(A) for taxpayers with modified adjusted gross income in excess of $201,920 and is completely phased out for taxpayers with modified adjusted gross income of $241,920 or more. (See section 3.19 of this revenue procedure for the adjusted items relating to adoption assistance programs.)

.04 *Child Tax Credit.* For taxable years beginning in 2016, the value used in § 24(d)(1)(B)(i) to determine the amount of credit under § 24 that may be refundable is $3,000.

.05 *Hope Scholarship, American Opportunity, and Lifetime Learning Credits.*

(1) For taxable years beginning in 2016, the Hope Scholarship Credit under § 25A(b)(1), as increased under § 25A(i) (the American Opportunity Tax Credit), is an amount equal to 100 percent of qualified tuition and related expenses not in excess of $2,000 plus 25 percent of those expenses in excess of $2,000, but not in excess of $4,000. Accordingly, the maximum Hope Scholarship Credit allowable under § 25A(b)(1) for taxable years beginning in 2016 is $2,500.

(2) For taxable years beginning in 2016, a taxpayer's modified adjusted gross income in excess of $80,000 ($160,000 for a joint return) is used to determine the reduction under § 25A(d)(2) in the amount of the Hope Scholarship Credit otherwise allowable under § 25A(a)(1). For taxable years beginning in 2016, a taxpayer's modified adjusted gross income in excess of $55,000 ($111,000 for a joint return) is used to determine the reduction under § 25A(d)(2) in the amount of the Lifetime Learning Credit otherwise allowable under § 25A(a)(2).

.06 *Earned Income Credit.*

(1) *In general.* For taxable years beginning in 2016, the following amounts are used to determine the earned income credit under § 32(b). The "earned income amount" is the amount of earned income at or above which the maximum amount of the earned income credit is allowed. The "threshold phaseout amount" is the amount of adjusted gross income (or, if greater, earned income) above which the maximum amount of the credit begins to phase out. The "completed phaseout amount" is the amount of adjusted gross income (or, if greater, earned income) at or above which no credit is allowed. The threshold phaseout amounts and the completed phaseout amounts shown in the table below for married taxpayers filing a joint return include the increase provided in § 32(b)(3)(B)(i), as adjusted for inflation for taxable years beginning in 2016.

	Number of Qualifying Children			
Item	*One*	*Two*	*Three or More*	*None*
Earned Income Amount	$9,920	$13,930	$13,930	$6,610
Maximum Amount of Credit	$3,373	$5,572	$6,269	$506
Threshold Phaseout Amount (Single, Surviving Spouse, or Head of Household)	$18,190	$18,190	$18,190	$8,270
Completed Phaseout Amount (Single, Surviving Spouse, or Head of Household)	$39,296	$44,648	$47,955	$14,880
Threshold Phaseout Amount (Married Filing Jointly)	$23,740	$23,740	$23,740	$13,820
Completed Phaseout Amount (Married Filing Jointly)	$44,846	$50,198	$53,505	$20,430

The instructions for the Form 1040 series provide tables showing the amount of the earned income credit for each type of taxpayer.

(2) *Excessive Investment Income.* For taxable years beginning in 2016, the earned income tax credit is not allowed under § 32(i)(1) if the aggregate amount of certain investment income exceeds $3,400.

.07 *Refundable Credit for Coverage Under a Qualified Health Plan.* For taxable years beginning in 2016, the limitation on tax imposed under § 36B(f)(2)(B) for excess advance credit payments is determined using the following table:

If the household income (expressed as a percent of poverty line) is:	The limitation amount for unmarried individuals (other than surviving spouses and heads of household) is:	The limitation amount for all other taxpayers is:
Less than 200%	$300	$600
At least 200% but less than 300%	$750	$1,500
At least 300% but less than 400%	$1,275	$2,550

.08 *Rehabilitation Expenditures Treated as Separate New Building.* For calendar year 2016, the per low-income unit qualified basis amount under § 42(e)(3)(A)(ii)(II) is $6,700.

.09 *Low-Income Housing Credit.* For calendar year 2016, the amount used under § 42(h)(3)(C)(ii) to calculate the State housing credit ceiling for the low-income housing credit is the greater of (1) $2.35 multiplied by the State population, or (2) $2,690,000.

.10 *Employee Health Insurance Expense of Small Employers.* For taxable years beginning in 2016, the dollar amount in effect under § 45R(d)(3)(B) is $25,900. This amount is used under § 45R(c) for limiting the small employer health insurance credit and under § 45R(d)(1)(B) for determining who is an eligible small employer for purposes of the credit.

.11 *Exemption Amounts for Alternative Minimum Tax*. For taxable years beginning in 2016, the exemption amounts under § 55(d)(1) are:

Joint Returns or Surviving Spouses	$83,800
Unmarried Individuals (other than Surviving Spouses)	$53,900
Married Individuals Filing Separate Returns	$41,900
Estates and Trusts	$23,900

For taxable years beginning in 2016, under § 55(b)(1), the excess taxable income above which the 28 percent tax rate applies is:

Married Individuals Filing Separate Returns	$93,150
Joint Returns, Unmarried Individuals (other than surviving spouses), and Estates and Trusts	$186,300

For taxable years beginning in 2016, the amounts used under § 55(d)(3) to determine the phaseout of the exemption amounts are:

Joint Returns or Surviving Spouses	$159,700
Unmarried Individuals (other than Surviving Spouses)	$119,700
Married Individuals Filing Separate Returns and Estates and Trusts	$79,850

.12 *Alternative Minimum Tax Exemption for a Child Subject to the "Kiddie Tax."* For taxable years beginning in 2016, for a child to whom the § 1(g) "kiddie tax" applies, the exemption amount under §§ 55 and 59(j) for purposes of the alternative minimum tax under § 55 may not exceed the sum of (1) the child's earned income for the taxable year, plus (2) $7,400.

.13 *Transportation Mainline Pipeline Construction Industry Optional Expense Substantiation Rules for Payments to Employees under Accountable Plans*. For calendar year 2016, an eligible employer may pay certain welders and heavy equipment mechanics an amount of up to $17 per hour for rig-related expenses that are deemed substantiated under an accountable plan if paid in accordance with Rev. Proc. 2002–41, 2002–1 C.B. 1098. If the employer provides fuel or otherwise reimburses fuel expenses, up to $11 per hour is deemed substantiated if paid under Rev. Proc. 2002–41.

.14 *Standard Deduction*.

(1) *In general*. For taxable years beginning in 2016, the standard deduction amounts under § 63(c)(2) are as follows:

Filing Status	*Standard Deduction*
Married Individuals Filing Joint Returns and Surviving Spouses (§ 1(a))	$12,600
Heads of Households (§ 1(b))	$9,300
Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(c))	$6,300
Married Individuals Filing Separate Returns (§ 1(d))	$6,300

(2) *Dependent*. For taxable years beginning in 2016, the standard deduction amount under § 63(c)(5) for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of (1) $1,050, or (2) the sum of $350 and the individual's earned income.

(3) *Aged or blind*. For taxable years beginning in 2016, the additional standard deduction amount under § 63(f) for the aged or the blind is $1,250. The additional standard deduction amount is increased to $1,550 if the individual is also unmarried and not a surviving spouse.

.15 *Overall Limitation on Itemized Deductions*. For taxable years beginning in 2016, the applicable amounts under § 68(b) are $311,300 in the case of a joint return or a surviving spouse, $285,350 in the case of a head of household, $259,400 in the case of an individual who is not married and who is not a surviving spouse or head of household, $155,650 in the case of a married individual filing a separate return.

.16 *Cafeteria Plans*. For the taxable years beginning in 2016, the dollar limitation under § 125(i) on voluntary employee salary reductions for contributions to health flexible spending arrangements is $2,550.

.17 *Qualified Transportation Fringe Benefit*. For taxable years beginning in 2016, the monthly limitation under § 132(f)(2)(A) regarding the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and any transit pass is $130. The monthly limitation under § 132(f)(2)(B) regarding the fringe benefit exclusion amount for qualified parking is $255.

.18 *Income from United States Savings Bonds for Taxpayers Who Pay Qualified Higher Education Expenses*. For taxable years beginning in 2016, the exclusion under § 135, regarding income from United States savings bonds for taxpayers who pay qualified higher education expenses, begins to phase out for modified adjusted gross income above $116,300 for joint returns and $77,550 for all other returns. The exclusion is completely phased out for modified adjusted gross income of $146,300 or more for joint returns and $92,550 or more for all other returns.

.19 *Adoption Assistance Programs*. For taxable years beginning in 2016, under § 137(a)(2), the amount that can be excluded from an employee's gross income for the adoption of a child with special needs is $13,460. For taxable years beginning in 2016, under § 137(b)(1) the maximum amount that can be excluded from an employee's gross income for the amounts paid or expenses incurred by an employer for qualified adoption expenses furnished pursuant to an adoption assistance program for other adoptions by the employee is $13,460. The amount excludable from an employee's gross income begins to phase out under § 137(b)(2)(A) for taxpayers with modified adjusted gross income in excess of $201,920 and is completely phased out for taxpayers with modified adjusted gross income of $241,920 or more. (See section 3.03 of this revenue procedure for the adjusted items relating to the adoption credit.)

.20 *Private Activity Bonds Volume Cap*. For calendar year 2016, the amounts used under § 146(d) to calculate the State ceiling for the volume cap for private activity bonds is the greater of (1) $100 multiplied by the State population, or (2) $302,875,000.

.21 *Loan Limits on Agricultural Bonds*. For calendar year 2016, the loan limit amount on agricultural bonds under § 147(c)(2)(A) for first-time farmers is $520,000.

.22 *General Arbitrage Rebate Rules*. For bond years ending in 2016, the amount of the computation credit determined under the permission to rely on § 1.148–3(d)(4) of the proposed Income Tax Regulations is $1,650.

.23 *Safe Harbor Rules for Broker Commissions on Guaranteed Investment Contracts or Investments Purchased for a Yield Restricted Defeasance Escrow*. For calendar year 2016, under § 1.148–5(e)(2)(iii)(B)(1), a broker's commission or similar fee for the acquisition of a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow is reasonable if (1) the amount of the fee that the issuer treats as a qualified administrative cost does not exceed the lesser of (A) $39,000, and (B) 0.2 percent of the computational base (as defined in § 1.148–5(e)(2)(iii)(B)(2)) or, if more, $4,000; and (2) the issuer does not treat more than $110,000 in brokers' commissions or similar fees as qualified administrative costs for all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with gross proceeds of the issue.

.24 *Personal Exemption.*

(1) For taxable years beginning in 2016, the personal exemption amount under § 151(d) is $4,050.

(2) *Phaseout.* For taxable years beginning in 2016, the personal exemption phases out for taxpayers with the following adjusted gross income amounts:

Filing Status	*AGI – Beginning of Phaseout*	*AGI – Completed Phaseout*
Married Individuals Filing Joint Returns and Surviving Spouses (§ 1(a))	$311,300	$433,800
Heads of Households (§ 1(b))	$285,350	$407,850
Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(c))	$259,400	$381,900
Married Individuals Filing Separate Returns (§ 1(d))	$155,650	$216,900

.25 *Eligible Long-Term Care Premiums.* For taxable years beginning in 2016, the limitations under § 213(d)(10), regarding eligible long-term care premiums includible in the term "medical care," are as follows:

Attained Age Before the Close of the Taxable Year	*Limitation on Premiums*
40 or less	$390
More than 40 but not more than 50	$730
More than 50 but not more than 60	$1,460
More than 60 but not more than 70	$3,900
More than 70	$4,870

.26 *Medical Savings Accounts.*

(1) *Self-only coverage.* For taxable years beginning in 2016, the term "high deductible health plan" as defined in § 220(c)(2)(A) means, for self-only coverage, a health plan that has an annual deductible that is not less than $2,250 and not more than $3,350, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed $4,450.

(2) *Family coverage.* For taxable years beginning in 2016, the term "high deductible health plan" means, for family coverage, a health plan that has an annual deductible that is not less than $4,450 and not more than $6,700, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed $8,150.

.27 *Interest on Education Loans.* For taxable years beginning in 2016, the $2,500 maximum deduction for interest paid on qualified education loans under § 221 begins to phase out under § 221(b)(2)(B) for taxpayers with modified adjusted gross income in excess of $65,000 ($130,000 for joint returns), and is completely phased out for taxpayers with modified adjusted gross income of $80,000 or more ($160,000 or more for joint returns).

.28 *Treatment of Dues Paid to Agricultural or Horticultural Organizations.* For taxable years beginning in 2016, the limitation under § 512(d)(1), regarding the exemption of annual dues required to be paid by a member to an agricultural or horticultural organization, is $161.

.29 *Insubstantial Benefit Limitations for Contributions Associated with Charitable Fund-Raising Campaigns.*

(1) *Low cost article.* For taxable years beginning in 2016, for purposes of defining the term "unrelated trade or business" for certain exempt organizations under § 513(h)(2), "low cost articles" are articles costing $10.60 or less.

(2) *Other insubstantial benefits.* For taxable years beginning in 2016, under § 170, the $5, $25, and $50 guidelines in section 3 of Rev. Proc. 90–12, 1990–1 C.B. 471 (as amplified by Rev. Proc. 92–49, 1992–1 C.B. 987, and modified by Rev. Proc. 92–102, 1992–2 C.B. 579), for the value of insubstantial benefits that may be received by a donor in return for a contribution, without causing the contribution to fail to be fully deductible, are $10.60, $53, and $106, respectively.

.30 *Expatriation to Avoid Tax.* For calendar year 2016, under § 877A(g)(1)(A), unless an exception under § 877A(g)(1)(B) applies, an individual is a covered expatriate if the individual's "average annual net income tax" under § 877(a)(2)(A) for the five taxable years ending before the expatriation date is more than $161,000.

.31 *Tax Responsibilities of Expatriation.* For taxable years beginning in 2016, the amount that would be includible in the gross income of a covered expatriate by reason of § 877A(a)(1) is reduced (but not below zero) by $693,000.

.32 *Foreign Earned Income Exclusion.* For taxable years beginning in 2016, the foreign earned income exclusion amount under § 911(b)(2)(D)(i) is $101,300.

.33 *Unified Credit Against Estate Tax.* For an estate of any decedent dying in calendar year 2016, the basic exclusion amount is $5,450,000 for determining the amount of the unified credit against estate tax under § 2010.

.34 *Valuation of Qualified Real Property in Decedent's Gross Estate.* For an estate of a decedent dying in calendar year 2016, if the executor elects to use the special use valuation method under § 2032A for qualified real property, the aggregate decrease in the value of qualified real property resulting from electing to use § 2032A for purposes of the estate tax cannot exceed $1,110,000.

.35 *Annual Exclusion for Gifts.*

(1) For calendar year 2016, the first $14,000 of gifts to any person (other than gifts of future interests in property) are not included in the total amount of taxable gifts under § 2503 made during that year.

(2) For calendar year 2016, the first $148,000 of gifts to a spouse who is not a citizen of the United States (other than gifts of future interests in property) are not included in the total amount of taxable gifts under §§ 2503 and 2523(i)(2) made during that year.

.36 *Tax on Arrow Shafts.* For calendar year 2016, the tax imposed under § 4161(b)(2)(A) on the first sale by the manufacturer, producer, or importer of any shaft of a type used in the manufacture of certain arrows is $0.49 per shaft.

.37 *Passenger Air Transportation Excise Tax.* For calendar year 2016, the tax under § 4261(b)(1) on the amount paid for each domestic segment of taxable air transportation is $4. For calendar year 2016, the tax under § 4261(c)(1) on any amount paid (whether within or without the United States) for any international air transportation, if the transportation begins or ends in the United States, generally is $17.80. Under § 4261(c)(3), however, a lower amount applies under § 4261(c)(1) to a domestic segment beginning or ending in Alaska or Hawaii, and the tax applies only to departures. For calendar year 2016, the rate is $8.90.

.38 *Reporting Exception for Certain Exempt Organizations with Nondeductible Lobbying Expenditures*. For taxable years beginning in 2016, the annual per person, family, or entity dues limitation to qualify for the reporting exception under § 6033(e)(3) (and section 5.05 of Rev. Proc. 98–19, 1998–1 C.B. 547), regarding certain exempt organizations with nondeductible lobbying expenditures, is $112 or less.

.39 *Notice of Large Gifts Received from Foreign Persons*. For taxable years beginning in 2016, § 6039F authorizes the Treasury Department and the Internal Revenue Service to require recipients of gifts from certain foreign persons to report these gifts if the aggregate value of gifts received in the taxable year exceeds $15,671.

.40 *Persons Against Whom a Federal Tax Lien Is Not Valid*. For calendar year 2016, a federal tax lien is not valid against (1) certain purchasers under § 6323(b)(4) who purchased personal property in a casual sale for less than $1,530, or (2) a mechanic's lienor under § 6323(b)(7) who repaired or improved certain residential property if the contract price with the owner is not more than $7,630.

.41 *Property Exempt from Levy*. For calendar year 2016, the value of property exempt from levy under § 6334(a)(2) (fuel, provisions, furniture, and other household personal effects, as well as arms for personal use, livestock, and poultry) cannot exceed $9,120. The value of property exempt from levy under § 6334(a)(3) (books and tools necessary for the trade, business, or profession of the taxpayer) cannot exceed $4,560.

.42 *Interest on a Certain Portion of the Estate Tax Payable in Installments*. For an estate of a decedent dying in calendar year 2016, the dollar amount used to determine the "2-percent portion" (for purposes of calculating interest under § 6601(j)) of the estate tax extended as provided in § 6166 is $1,480,000.

.43 *Failure to File Tax Return*. For tax years beginning in 2016, the amount of the additional tax under § 6651(a) for failure to file a tax return within 60 days of the due date of such return (determined with regard to any extensions of time for filing) shall not be less than the lesser of $135 or 100 percent of the amount required to shown as tax on such returns.

.44 *Failure to File Certain Information Returns, Registration Statements, etc*. For tax years beginning in 2016, the penalty amounts under § 6652(c) are:

(1) for failure to file a return required under § 6033(a)(1) (relating to returns by exempt organization) or § 6012(a)(6) (relating to returns by political organizations):

Scenario	Daily Penalty	Maximum Penalty
Organization (§ 6652(c)(1)(A))	$20	Lessor of $10,000 or 5% of gross receipts of the organization for the year.
Organization with gross receipts exceeding $1,020,000 (§ 6652(c)(1)(A))	$100	$51,000
Managers (§ 6652(c)(1)(B))	$10	$5,000
Public inspection of annual returns and reports (§ 6652(c)(1)(C))	$20	$10,000
Public inspection of applications for exemption and notice of status (§ 6652(c)(1)(D))	$20	No Limits

(2) for failure to file a return required under § 6034 (relating to returns by certain trust) or § 6043(b) (relating to terminations, etc., of exempt organizations):

Scenario	Daily Penalty	Maximum Penalty
Organization or trust (§ 6652(c)(2)(A))	$10	$5,000
Managers (§ 6652(c)(2)(B))	$10	$5,000
Split-Interest Trust (§ 6652(c)(2)(C)(ii))	$20	$10,000
Any trust with gross receipts exceeding $255,000 (§ 6652(c)(2)(C)(ii))	$100	$51,000

(3) for failure to file a disclosure required under § 6033(a)(2):

Scenario	Daily Penalty	Maximum Penalty
Tax–exempt entity (§ 6652(c)(3)(A))	$100	$51,000
Failure to comply with written demand (§ 6652(c)(3)(B)(ii))	$100	$10,000

.45 *Other Assessable Penalties With Respect to the Preparation of Tax Returns for Other Persons.* For tax years beginning in 2016, the penalty amounts under § 6695 are:

Scenario	Per Return or Claim for Refund	Maximum Penalty
Failure to furnish copy to taxpayer (§ 6695(a))	$50	$25,500
Failure to sign return (§ 6695(b))	$50	$25,500
Failure to furnish identifying number (§ 6695(c))	$50	$25,500
Failure to retain copy or list (§ 6695(d))	$50	$25,500
Failure to file correct information returns (§ 6695(e))	$50 per return or item in return	$25,500
Negotiation of check (§ 6695(f))	$510 per check	No limit
Failure to be diligent in determining eligibility for earned income credit (§ 6695(g))	$510	No limit

.46 *Failure to File Partnership Return.* For tax years beginning in 2016, the dollar amount used to determine amount of the penalty under § 6698(b)(1) is $195.

.47 *Failure to File S Corporation Return.* For tax years beginning in 2016, the dollar amount used to determine amount of the penalty under § 6699(b)(1) is $195.

.48 *Failure to File Correct Information Returns.* For tax years beginning in 2016, the penalty amounts under § 6721 are:

(1) for persons with average annual gross receipts for the most recent three taxable years of more than $5,000,000, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6721(a)(1))	$260	$3,193,000
Corrected on or before 30 days after required filing date (§ 6721(b)(1))	$50	$532,000
Corrected after 30th day but on or before August 1 (§ 6721(b)(2))	$100	$1,596,500

(2) for persons with average annual gross receipts for the most recent three taxable years of $5,000,000 or less, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6721(d)(1)(A))	$260	$1,064,000
Corrected on or before 30 days after required filing date (§ 6721(d)(1)(B))	$50	$186,000
Corrected after 30th day but on or before August 1 (§ 6721(d)(1)(C))	$100	$532,000

(3) for failure to file correct information returns due to intentional disregard of the filing requirement (or the correct information reporting requirement) are:

Scenario	Penalty Per Return	Calendar Year Maximum
Return other than a return required to be filed under §§ 6045(a), 6041A(b), 6050H, 6050I, 6050J, 6050K, or 6050L (§ 6721(e)(2)(A))	Greater of (i) $530, or (ii) 10% of aggregate amount of items required to be reported correctly	No limit
Return required to be filed under §§ 6045(a), 6050K, or 6050L (§ 6721(e)(2)(B))	Greater of (i) $530, or (ii) 5% of aggregate amount of items required to be reported correctly	No limit
Return required to be filed under § 6050I(a) (§ 6721(e)(2)(C))	Greater of (i) $26,600, or (ii) amount of cash received up to $106,000	No limit
Return required to be filed under § 6050V (§ 6721(e)(2)(D))	Greater of (i) $260, or (ii) 10% of the value of the benefit of any contract with respect to which information is required to be included on the return	No limit

.49 *Failure to Furnish Correct Payee Statements*. For tax years beginning in 2016, the penalty amounts under § 6722 are:

(1) for persons with average annual gross receipts for the most recent three taxable years of more than $5,000,000, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6722(a)(1))	$260	$3,193,000
Corrected on or before 30 days after required filing date (§ 6722(b)(1))	$50	$532,000
Corrected after 30th day but on or before August 1 (§ 6722(b)(2))	$100	$1,596,500

(2) for persons with average annual gross receipts for the most recent 3 taxable years of $5,000,000 or less, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6722(d)(1)(A))	$260	$1,064,000
Corrected on or before 30 days after required filing date (§ 6722(d)(1)(B))	$50	$186,000
Corrected after 30th day but on or before August 1 (§ 6722(d)(1)(C))	$100	$532,000

(3) for failure to file correct payee statements due to intentional disregard of the requirement to furnish a payee statement (or the correct information reporting requirement) are:

Scenario	Penalty Per Return	Calendar Year Maximum
Statement other than a statement required under §§ 6045(b), 6041A(e) (in respect of a return required under § 6041A(b)), 6050H(d), 6050J(e), 6050K(b), or 6050L(c) (§ 6722(e)(2)(A))	Greater of (i) $530, or (ii) 10% of aggregate amount of items required to be reported correctly	No limit
Payee statement required under §§ 6045(b), 6050K(b), or 6050L(c) (§ 6722(e)(2)(B))	Greater of (i) $530, or (ii) 5% of aggregate amount of items required to be reported correctly	No limit

.50 *Attorney Fee Awards.* For fees incurred in calendar year 2016, the attorney fee award limitation under § 7430(c)(1)(B)(iii) is $200 per hour.

.51 *Periodic Payments Received under Qualified Long-Term Care Insurance Contracts or under Certain Life Insurance Contracts.* For calendar year 2016, the stated dollar amount of the per diem limitation under § 7702B(d)(4), regarding periodic payments received under a qualified long-term care insurance contract or periodic payments received under a life insurance contract that are treated as paid by reason of the death of a chronically ill individual, is $340.

SECTION 4. EFFECTIVE DATE

.01 *General Rule.* Except as provided in section 4.02, this revenue procedure applies to taxable years beginning in 2016.

.02 *Calendar Year Rule.* This revenue procedure applies to transactions or events occurring in calendar year 2016 for purposes of sections 3.08 (rehabilitation expenditures treated as separate new building), 3.09 (low-income housing credit), 3.13 (transportation mainline pipeline construction industry optional expense substantiation rules for payments to employees under accountable plans), 3.20 (private activity bonds volume cap), 3.21 (loan limits on agricultural bonds), 3.22 (general arbitrage rebate rules), 3.23 (safe harbor rules for broker commissions on guaranteed investment contracts or investments purchased for a yield restricted defeasance escrow), 3.30 (expatriation to avoid tax), 3.33 (unified credit against estate tax), 3.34 (valuation of qualified real property in decedent's gross estate), 3.35 (annual exclusion for gifts), 3.36 (tax on arrow shafts), 3.37 (passenger air transportation excise tax), 3.40 (persons against whom a federal tax lien is not valid), 3.41 (property exempt from levy), 3.42 (interest on a certain portion of the estate tax payable in installments), 3.50 (attorney fee awards), and 3.51 (periodic payments received under qualified long-term care insurance contracts or under certain life insurance contracts).

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is William Ruane of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure, contact Mr. Ruane at (202) 317-4718 (not a toll-free number).

Definition of Terms

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

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

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

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

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

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

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

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

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

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

Abbreviations

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

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