

Part III

Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters
(Also Part 1, § 831)

Rev. Proc. 2025-13

SECTION 1. PURPOSE

This revenue procedure provides a streamlined procedure for a taxpayer that has elected the application of the alternative tax for certain insurance companies under § 831(b) of the Internal Revenue Code (Code)¹ to obtain the automatic consent of the Secretary of the Treasury or her delegate (Secretary) to revoke such election.

SECTION 2. BACKGROUND

.01 Section 831(a) imposes a tax for each taxable year on the taxable income of every insurance company other than a life insurance company (non-life insurance company). Section 831(b) provides an alternative tax to the tax imposed by § 831(a) for certain non-life insurance companies (alternative tax). The alternative tax for these non-

¹ Unless otherwise specified, all “Section” or “§” references are to sections of the Code or the Procedure and Administration Regulations (26 CFR part 301).

life insurance companies is a tax computed for each taxable year by multiplying the taxable investment income (as defined in § 834(a)) of the company for the taxable year by the rates in § 11(b).

.02 Section 831(b)(2)(A) provides that the alternative tax applies to every non-life insurance company if (1) the company's net written premiums (or, if greater, direct written premiums) for the taxable year do not exceed \$2,200,000 (adjusted for inflation²), (2) the company meets the diversification requirements in § 831(b)(2)(B), and (3) the company makes an election to apply the alternative tax (§ 831(b) Election) for the taxable year.

.03 Pursuant to § 301.9100-8(a)(2), the non-life insurance company must make a § 831(b) Election by the due date (taking into account any extensions of time to file obtained by the taxpayer) of the tax return for the first taxable year for which the election is effective. In general, under § 301.9100-8(a)(3), a § 831(b) Election is made by attaching a statement to the tax return for the first taxable year for which the election is to be effective.

.04 Section 1010(f)(1) of the Technical and Miscellaneous Revenue Act of 1988, Pub. L. No. 100-647, 102 Stat. 3342, 3454 (1988), added flush language to § 831(b)(2)(A). The flush language provides that a § 831(b) Election applies to the taxable year for which it is made and for all subsequent taxable years for which the requirements of § 831(b)(2)(A)(i) and (ii) are met and that a § 831(b) Election, once made, may be revoked only with the consent of the Secretary. The legislative history

² See § 831(b)(2)(E). For taxable years beginning in 2025, the limit on net written premiums or direct written premiums (whichever is greater) is \$2,850,000. See section 2.36 of Rev. Proc. 2024-40, 2024-45 I.R.B. 1100, 1107 (Nov. 4, 2024).

explains that “[t]his clarification reflects Congress’s intent that the [§ 831(b)] election not be used as a means of eliminating tax liability (e.g., by making the election only for the years the taxpayer does not have net operating losses).” S. Rep. No. 445, at 127 (1988).

.05 To secure the Secretary’s consent, a taxpayer seeking revocation of its § 831(b) Election has been required to submit a request for a letter ruling under the procedures set forth in Rev. Proc. 2025-1, 2025-1 I.R.B. 1 (Dec. 30, 2024) (or successor) and pay a user fee.

.06 The Department of the Treasury and the Internal Revenue Service (IRS) published proposed regulations that would designate certain micro-captive transactions as listed transactions and certain other micro-captive transactions as transactions of interest in a notice of proposed rulemaking published in the *Federal Register* (88 FR 21547) on April 11, 2023 (proposed regulations). Comments on the proposed regulations requested a streamlined process by which the IRS will approve requests for revocation of a § 831(b) Election.

.07 In response to the comments received on the proposed regulations, this revenue procedure provides a streamlined procedure for a taxpayer that has made a § 831(b) Election to obtain the automatic consent of the Secretary to revoke such election effective for the taxable year for which consent is sought (revocation year), which may be the taxable year in which consent is sought or the first preceding taxable year provided the taxpayer timely submits the revocation request described in section 4.02 of this revenue procedure.

SECTION 3. SCOPE

This revenue procedure applies to a taxpayer that has made a § 831(b) Election that has not been revoked and has no net operating losses arising in a taxable year to which the § 831(b) Election applied that can be carried over to the revocation year.

SECTION 4. PROCEDURE

.01 A taxpayer within the scope of section 3 of this revenue procedure may obtain the automatic consent of the Secretary to revoke its § 831(b) Election by submitting the revocation request described in section 4.02 of this revenue procedure. A user fee is not required for a revocation request submitted under this revenue procedure. The IRS will not send an acknowledgement of receipt for a revocation request submitted under this revenue procedure.

.02 A revocation request is described in this section 4.02 if the requirements of sections 4.02(1) through (4) are met. See section 5 of this revenue procedure for a model revocation request letter.

(1) The request identifies the taxpayer and contains the taxpayer's taxpayer identification number, address, and telephone number; states that the taxpayer requests automatic consent to revocation of its § 831(b) Election under this revenue procedure; and identifies the revocation year. The revocation year may be the taxable year in which the taxpayer submits the revocation request described in section 4.02 of this revenue procedure, or the first preceding taxable year provided the taxpayer submits the revocation request described in section 4.02 of this revenue procedure no later than the date on which the taxpayer files its timely-filed (including extensions) Federal income tax return for such taxable year. For example, a calendar year taxpayer that

submits a revocation request during calendar year 2025 may request that 2025 be the revocation year. Alternatively, the taxpayer may request that calendar year 2024 be the revocation year provided the taxpayer submits the revocation request described in section 4.02 of this revenue procedure no later than the date on which the taxpayer files its timely-filed (including extensions) Federal income tax return for calendar year 2024.

(2) The request includes representations that the taxpayer (a) has made a § 831(b) Election that is in effect as of the date of filing the request; (b) has no net operating losses arising in a taxable year that was prior to the revocation year to which the § 831(b) Election applied that can be carried over to the revocation year; (c) is timely submitting the request (as provided in section 4.02(3) of this revenue procedure) no later than the date on which it files its timely-filed (including extensions) Federal income tax return for the revocation year; and (d) will not make a § 831(b) Election for the five taxable years following the revocation year.

(3) The request is signed in accordance with section 7.01(13) of Rev. Proc. 2025-1 (or successor), dated, and submitted (as described in section 4.02(3)(a) or (b) of this revenue procedure) no later than the date on which the taxpayer files its timely-filed (including extensions) Federal income tax return for the revocation year. Requests submitted by an authorized representative of the taxpayer must adhere to the authorized representative requirements set forth in section 7.01(14) of Rev. Proc. 2025-1 (or successor), and the request must be accompanied by a duly executed Form 2848, *Power of Attorney and Declaration of Representative*, in accordance with section 7.01(15) of Rev. Proc. 2025-1 (or successor).

(a) A request submitted on paper must be sent to the Commissioner of Internal

Revenue, Attn: CC:FIP:4, Room 3547, 1111 Constitution Avenue, NW, Washington DC 20224. The principles of § 7502 apply to determine whether a mailed statement is submitted timely.

(b) A request submitted by facsimile (fax) must be sent to the Commissioner of Internal Revenue, Attn: CC:FIP:4, to (855) 574-9026.

(4) The request must be accompanied by the following declaration, which is signed in accordance with section 7.01(16)(b) of Rev. Proc. 2025-1 (or successor): **“Under penalties of perjury, I declare that I have examined this request, including the representations set forth herein and any accompanying documents, and, to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete.”**

.03 A taxpayer within the scope of section 3 of this revenue procedure may choose not to seek the automatic consent of the Secretary to revoke its § 831(b) Election under this revenue procedure and instead submit a request for a letter ruling granting consent to revoke its § 831(b) Election under the procedures set forth in Rev. Proc. 2025-1 (or successor) and pay the applicable user fee.

SECTION 5. MODEL REVOCATION REQUEST LETTER

[Insert date]

Automatic Revocation Request under Rev. Proc. 202x-xx

Commissioner of Internal Revenue
Associate Chief Counsel (Financial Institutions & Products)
Attn: CC:FIP:4
Room 3547
1111 Constitution Ave, N.W.
Washington, D.C. 20224
(F) (855) 574-9026

Dear IRS Representative:

[Insert Taxpayer name, address, and EIN number] (Taxpayer) submits to the Internal Revenue Service (IRS) this revocation request in accordance with Rev. Proc. 2025-13, 2025-8 I.R.B. __. We request the IRS's automatic consent to revocation of the section 831(b) election made by Taxpayer, such revocation to be effective for the taxable year beginning **[Insert date]** (revocation year).

In support of this request, Taxpayer makes the following representations:

- (1) Taxpayer elected the alternative tax under section 831(b) of the Internal Revenue Code, and the election is in effect as of the date of this request;
- (2) Taxpayer has no net operating losses arising in a taxable year to which the section 831(b) election applied that can be carried over to the revocation year;
- (3) Taxpayer is timely submitting this request (as provided in section 4.02(3) of Rev. Proc. 2025-13) no later than the date on which it files its timely-filed (including extensions) Federal income tax return for the revocation year; and
- (4) Taxpayer will not make a section 831(b) election for the five taxable years following the revocation year.

[Insert signature and title of authorized signatory]

Penalties of Perjury Statement

Under penalties of perjury, I declare that I have examined this request, including the representations set forth herein and any accompanying documents, and, to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete.

[Insert Taxpayer Name]

By: _____
[Insert Name of Authorized Signatory]

Title: _____

Date: _____

SECTION 6. AREAS NOT COVERED BY THIS REVENUE PROCEDURE

The Secretary's grant of automatic consent to revoke a taxpayer's § 831(b) Election obtained under this revenue procedure does not constitute an opinion, express or implied, concerning the tax consequences of any aspect of taxpayer's business, including, but not limited to, whether any part of taxpayer's business constitutes insurance for Federal income tax purposes, whether taxpayer qualified as an insurance company for any taxable year, or whether taxpayer was properly taxed under § 831(b) for any taxable year.

SECTION 7. EFFECTIVE DATE

.01 This revenue procedure applies to a request to revoke a § 831(b) Election submitted on or after January 13, 2025.

.02 If, before January 13, 2025, a taxpayer submitted a request for a letter ruling to revoke its § 831(b) Election, and the request is pending with the national office on January 13, 2025, the taxpayer may choose to seek the automatic consent of the Secretary to revoke its § 831(b) Election under this revenue procedure by notifying the national office contact person assigned to the letter ruling request before February 12, 2025, that the taxpayer chooses to convert the request for a letter ruling to a request for automatic consent under this revenue procedure. This notification must make the representations set forth in section 4.02(2) of this revenue procedure; identify the revocation year for which automatic consent is requested, which may be the taxable year for which revocation was requested in the pending letter ruling request or a later taxable year; and be accompanied by the declaration described in section 4.02(4) of this revenue procedure. If the taxpayer timely notifies the national office that it chooses to convert the request for a letter ruling to a request for automatic consent under this

revenue procedure, the national office will send a letter to the taxpayer acknowledging its request and will return the user fee submitted with the request for a letter ruling.

SECTION 8. PAPERWORK REDUCTION ACT

The collection(s) of information in this revenue procedure have been reviewed and, pending receipt and evaluation of public comments, approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1522.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collection(s) of information in this revenue procedure are in section 4. This information is required to determine whether a taxpayer qualifies for automatic consent under this revenue procedure. The collection of information is required to obtain a benefit. The likely respondents are non-life insurance companies that have made a § 831(b) Election.

The estimated total annual reporting and/or recordkeeping burden for Rev. Proc. 2025-1 is 316,020 hours.

For Rev. Proc. 2025-1, the estimated annual burden per respondent/recordkeeper varies from 1 to 200 hours, depending on individual circumstances, with an estimated annual average burden of 80 hours. The estimated number of respondents and/or recordkeepers for Rev. Proc. 2025-1 is 3,956.

The estimated total annual reporting and/or recordkeeping burden for this revenue procedure adds 46 hours to the burden imposed by Rev. Proc. 2025-1.

The estimated annual burden per respondent/recordkeeper for this revenue procedure varies from 1 to 3 hours, depending on individual circumstances, with an estimated average burden of 2 hours. The estimated number of additional respondents and/or recordkeepers added to Rev. Proc. 2025-1 by this revenue procedure is 20, increasing the estimated number of respondents and/or recordkeepers to Rev. Proc. 2025-1 to 3,976.

The estimated annual frequency of responses is on occasion.

Books and records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and return information are confidential, as required by § 6103.

SECTION 9. DRAFTING INFORMATION

The principal author of this revenue procedure is Elizabeth M. Hill of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this revenue procedure, contact Elizabeth M. Hill on 202-317-6995 (not a toll-free call).