

# INTERNAL REVENUE BULLETIN



## 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.

## ADMINISTRATIVE

### **Rev. Proc. 2024-40, page 1100.**

This revenue procedure sets forth inflation-adjusted items for 2025 for various Code provisions as in effect on October 22, 2024. The inflation adjusted items for the Code sections set forth in section 2 of this revenue procedure are generally determined by reference to § 1(f) of the Code. To the extent amendments to the Code are enacted for 2025 after October 22, 2024, taxpayers should consult additional guidance to determine whether these adjustments remain applicable for 2025.

## EMPLOYEE PLANS

### **Notice 2024-76, page 1089.**

This notice sets forth updates on the corporate bond monthly yield curve, the corresponding spot segment rates for September 2024 used under § 417(e)(3)(D), the 24-month average segment rates applicable for October 2024, and the 30-year Treasury rates, as reflected by the application of § 430(h)(2)(C)(iv).

### **Notice 2024-77, page 1093.**

This notice provides guidance in the form of questions and answers with respect to sections 414(aa) and 402(c)(12) of the Code as added by section 301(b) of the SECURE 2.0 Act. Section 414(aa) addresses the requirements of sections 401(a) and 403 with respect to inadvertent benefit overpayments, and section 402(c)(12) addresses the treatment of certain inadvertent benefit overpayments as eligible rollover distributions.

### **T.D. 10008, page 1082.**

This final regulation provides rules for determining whether certain retirement plan and annuity distributions are subject to income tax withholding pursuant to § 3405 and treats a

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**November 4, 2024**

military or diplomatic post office address (such as an APO, a DPO, or an FPO address) as an address within the United States for purposes of the restriction on elections out of withholding that applies to overseas payments under § 3405(e)(13).

## EXEMPT ORGANIZATION, INCOME TAX

### **Rev. Proc. 2024-39, page 1097.**

This revenue procedure grants certain applicable entities under section 6417(d)(1)(A) of the Internal Revenue Code an automatic six-month extension of time to file an original or superseding Form 990-T, Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e) of the Code), with any other relevant schedules and forms (such as Form 3800, General Business Credit, and any relevant source credit forms), to make an elective payment election as provided under section 6417(d)(3) and § 1.6417-2(b).

In addition to the automatic six-month extension of time to file for certain applicable entities, this revenue procedure allows certain applicable entities to make the elective payment election on a paper-filed Form 990-T if they follow certain procedural requirements. The document also provides a procedure allowing for assistance on processing an elective payment election for applicable entities otherwise eligible for relief that previously filed a return and received a notice that their election was ineffective because the return on which it was made was filed after the due date of the return.

## EXCISE TAX, INCOME TAX, SPECIAL ANNOUNCEMENT

### **Notice 2024-74, page 1089.**

Notice 2024-74 provides additional guidance to taxpayers using the safe harbors in Notice 2024-37 with respect to

the sustainable aviation fuel (SAF) credit. Notice 2024-74 provides that a taxpayer using a 40BSAF-GREET 2024 safe harbor to calculate its emissions reduction percentage with respect to claims that relate to the sale or use of a SAF qualified mixture after the effective date of the notice must use the newly released October 2024 version of the 40BSAF-GREET 2024 model.

## **INCOME TAX**

### **Rev. Rul. 2024-24, page 1086.**

Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term tax exempt rate. For purposes of sections 382, 1274, 1288, 7872 and other sections of the Code, tables set forth the rates for November 2024.

# 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

26 CFR 31.3405(e)-1: Questions and answers relating to withholding on pensions, annuities, and certain other deferred income

## TD 10008

### DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 31

#### Withholding on Certain Distributions under Section 3405(a) and (b)

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Final regulation.

**SUMMARY:** This document contains a final regulation regarding income tax withholding on certain periodic payments and nonperiodic distributions from employer deferred compensation plans, individual retirement plans, and commercial annuities that are not eligible rollover distributions. The regulation addresses a payor's obligation to withhold income taxes in the circumstances in which those payments or distributions are made to payees outside of the United States and affects payors and payees of those periodic payments and nonperiodic distributions.

**DATES:** *Effective date.* This regulation is effective October 21, 2024.

*Applicability date.* This regulation applies with respect to payments and distributions made on or after January 1, 2026. However, taxpayers may apply it to earlier payments and distributions.

**FOR FURTHER INFORMATION CONTACT:** Jeremy Lamb at (202) 317-4575 or Isaac Stein at (202) 317-6320 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Authority

Section 7805(a) authorizes the Secretary to prescribe all needful rules and regulations for the enforcement of the Code.

##### Background

Section 3405(a)(1) of the Internal Revenue Code of 1986 (Code) requires the payor of any periodic payment to withhold income tax from the payment. Under section 3405(a)(2), an individual generally may elect not to have section 3405(a)(1) apply with respect to periodic payments made to the individual. Section 3405(b)(1) requires the payor of any nonperiodic distribution to withhold income tax from the distribution. Under section 3405(b)(2), an individual generally may elect not to have section 3405(b)(1) apply with respect to any nonperiodic distribution.

Section 3405(e)(2) defines a periodic payment as a designated distribution that is an annuity or similar periodic payment. Section 3405(e)(3) defines a nonperiodic distribution as any designated distribution that is not a periodic payment. A designated distribution is defined in section 3405(e)(1) as generally any distribution or payment from or under an employer deferred compensation plan, an individual retirement plan (as defined in section 7701(a)(37) of the Code), or a commercial annuity. For this purpose, an employer deferred compensation plan is defined in section 3405(e)(5) as any pension, annuity, profit sharing, or stock bonus plan or other plan deferring the receipt of compensation, and a commercial annuity is defined in section 3405(e)(6) as an annuity, endowment, or life insurance contract issued by an insurance company licensed to do business under the laws of any State.

Section 3405(e)(1)(B) identifies certain amounts or payments that are not a "designated distribution" for purposes of section 3405 withholding. Under section 3405(e)

(1)(B)(iii), any amount that is subject to withholding under subchapter A of chapter 3 of the Code (relating to withholding of tax on nonresident aliens and foreign corporations) by the person paying such amount or which would be so subject but for a tax treaty is not a designated distribution.

Section 3405(e)(13)(A) provides generally that, in the case of any periodic payment or nonperiodic distribution that is "to be delivered outside of the United States and any possession of the United States," no election may be made under section 3405(a)(2) or (b)(2) with respect to such payment, with the result that withholding may not be waived. Section 3405(e)(13)(B) provides that section 3405(e)(13)(A) does not apply if the recipient certifies to the payor, in such manner as the Secretary of the Treasury may prescribe, that the recipient is not (i) a United States citizen or a resident alien of the United States, or (ii) an individual to whom section 877 of the Code applies. Section 877(h) provides that section 877 applies to certain nonresident alien individuals whose expatriation date, as defined in section 877A(g)(3), is before June 17, 2008.

Notice 87-7, 1987-1 CB 420, provides guidance under section 3405(e)(13)(A) to payors of designated distributions with respect to their duty to withhold income tax from such distributions. The notice applies to designated distributions for the following categories of payees: (1) payees who have provided the payors with a residence address outside of the United States;<sup>1</sup> (2) payees who have provided the payors with a residence address within the United States; and (3) payees who have not provided the payors with a residence address.

Notice 87-7 specifies that, if a payee has provided the payor with a residence address outside of the United States, the payor is required to withhold income tax from designated distributions to the payee. If a payee has provided the payor with a residence address within the United States, the payor is required to withhold

<sup>1</sup> For purposes of this preamble, references to the "United States" include any possession of the United States.

income tax from these distributions to the payee unless the payee has elected no withholding in accordance with the applicable provisions of section 3405. If a payee has not provided the payor with a residence address, the payor is required to withhold income tax from designated distributions; included within this category is a payee who has provided the payor with an address for the payee's nominee, trustee, or agent without also providing the payee's residence address.

On May 31, 2019, the Department of the Treasury (Treasury Department) and the IRS published a notice of proposed rulemaking regarding withholding on certain periodic payments and nonperiodic distributions under section 3405 (other than eligible rollover distributions) in the **Federal Register** (84 FR 25209). No comments responsive to the notice of proposed rulemaking were received, and no public hearing was requested or held. Thus, this final regulation adopts the provisions of the proposed regulation with no modifications except for the change in the applicability date to January 1, 2026, and other minor changes in wording that are nonsubstantive.

## Explanation of Provisions

This document contains a final regulation under section 3405(e) that provides withholding guidance for payors of periodic payments and nonperiodic distributions under section 3405(a) and (b), respectively. The regulation generally addresses a payor's obligation to withhold under section 3405(a) and (b) in the following situations: (1) payments to payees with a military or diplomatic Post Office address; (2) payments to payees with a residence address located within the United States; (3) payments to payees with a residence address located outside of the United States or who have not provided a residence address; and (4) payments subject to withholding under subchapter A of chapter 3 (sections 1441 through 1446 of the Code).

### 1. Payees with a Military or Diplomatic Post Office Address

For purposes of section 3405(e)(13)(A), the regulation treats an Army Post Office (APO), a Fleet Post Office (FPO), or a Diplomatic Post Office (DPO)<sup>2</sup> address as an address located within the United States. In 1986, when this provision was added to the Code by the Tax Reform Act of 1986, Public Law 99-514 (TRA '86), it was one of several provisions intended to increase compliance with the internal revenue laws by United States persons resident abroad and green card holders. The Senate Finance Committee Report for TRA '86 indicates a concern, based on data gathered by the General Accounting Office (GAO),<sup>3</sup> that the percentage of taxpayers who fail to file returns is substantially higher among Americans living abroad than it is among those resident in the United States, and that it is often difficult for the IRS to enforce compliance by these taxpayers. S. Rep. No. 99-313, at 390 (1986).

The GAO data referred to in the legislative history does not include United States military personnel and their families as taxpayers who are living abroad. Johnny C. Finch, *United States Citizens Living in Foreign Countries and Not Filing Federal Income Tax Returns*, United States General Accounting Office, May 8, 1985. In addition, enforcement of compliance by individuals receiving mail at an APO, an FPO, or a DPO address generally does not involve the same challenges as enforcing compliance by other taxpayers living abroad. Because APO, FPO, and DPO delivery destinations are generally United States military or diplomatic facilities, taxpayers with an APO, an FPO, or a DPO address commonly maintain a current or former employment or contractor relationship with the United States government. Moreover, these addresses generally are treated as "domestic" by the United States Postal Service. *United States Domestic Mail Manual*, 608.2.2.

For these reasons, the Treasury Department and the IRS have determined that treating a United States military or diplomatic post office address as located within the United States for purposes of section 3405(e)(13)(A) is consistent with the tax avoidance concerns underlying the enactment of that provision. Accordingly, the regulation provides that designated distributions to United States military and diplomatic personnel or their families are not treated as delivered outside of the United States solely because those payments or distributions are to be delivered to an APO, an FPO, or a DPO address.

### 2. Payees with a Residence Address Located Within the United States

The regulation imposes withholding requirements on payors regarding certain payees who have provided the payor with a residence address located within the United States. Under Notice 87-7, payors are not required to withhold if a payee provides a residence address located within the United States and the payee elects no withholding. Notice 87-7 does not specifically address whether payors are required to withhold when a payee provides a residence address located within the United States, but also provides payment instructions indicating that the funds are to be delivered outside of the United States. As explained in the Background section of this preamble, the mandatory withholding for amounts to be delivered outside of the United States was enacted because Congress was concerned about noncompliance. Section 3405(e)(13)(A) refers to "any periodic payment or nonperiodic distribution which is to be delivered outside of the United States." Consistent with the text of section 3405(e)(13)(A) and its purpose, the regulation requires payors to withhold in certain circumstances when a payee provides a residence address located within the United States but also provides payment instructions indicating that the funds are to be delivered outside of the United States.

<sup>2</sup>APO is associated with Army or Air Force installations. FPO is associated with Navy installations and ships. APO/FPO addresses are utilized by Department of Defense personnel, their family members, and other authorized users. DPO provides global mail service to authorized personnel assigned to designated posts abroad.

<sup>3</sup>Effective July 7, 2004, the GAO's legal name was changed from the General Accounting Office to the Government Accountability Office.



### 3. Payees with a Residence Address Located Outside of the United States or Who Have not Provided a Residence Address

Unless section 3405(e)(13)(B) (which provides an exception for certain nonresident aliens) applies, if the payee's residence address that is provided to the payor is located outside of the United States, the payor is required to withhold income tax under section 3405 from any designated distribution, without regard to the delivery instructions and without regard to any attempt to elect no withholding. Thus, for example, withholding under section 3405 would be required even if a payee with a foreign residence address has requested that the distribution be deposited with a financial institution located within the United States. Given the ease with which the funds deposited with a financial institution in the United States can be withdrawn by a person located outside the United States, the Treasury Department and the IRS have concluded that the payee's residence address is more likely to be indicative of the place the distribution is ultimately to be delivered than the location of the financial institution. The same requirement to withhold income tax under section 3405 applies if a payee has not provided a residence address to the payor. Furthermore, a payee who has provided the payor with an address for the payee's nominee, trustee, or agent without also providing the payee's residence address has not provided a residence address for purposes of this regulation.

These rules are consistent with the approach in Notice 87-7, which uses the residence address of the payee in order to determine whether a taxpayer is permitted to make an election not to have withholding apply under section 3405(a)(2) or (b)(2). The Treasury Department and the IRS have determined that this interpretation articulated in Notice 87-7 provides an administrable standard that has been relied upon for many years, is consistent with the TRA '86 legislative history, and appropriately addresses tax avoidance concerns underlying section 3405(e)(13)(A).<sup>4</sup>

### 4. Payments Subject to Withholding under Subchapter A of Chapter 3

In accordance with section 3405(e)(1)(B)(iii), the regulation clarifies that a designated distribution does not include a distribution that is subject to withholding under subchapter A of chapter 3 (or that would be subject but for a tax treaty). Therefore, the withholding rules under section 3405(a) and (b) do not apply to such a distribution. For example, section 3405(a) or (b) withholding would not apply to a United States-source distribution to a nonresident alien individual from a trust described in section 401(a) of the Code. In such a case, the withholding rules of section 1441 (within subchapter A of chapter 3) that apply to nonresident aliens would apply to such a distribution. *See* §1.1441-1(b)(1).

#### Applicability Date

This regulation applies with respect to payments and distributions made on or after January 1, 2026. However, taxpayers may apply the regulation to earlier payments and distributions. Notice 87-7 is obsolete with respect to payments and distributions made after December 31, 2025.

#### Statement of Availability of IRS Documents

The IRS notice cited in this preamble is published in the Cumulative Bulletin and is available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402.

#### Special Analyses

##### I. Regulatory Planning and Review

Pursuant to the Memorandum of Agreement, Review of Treasury Regulations under Executive Order 12866 (June 9, 2023), tax regulatory actions issued by the IRS are not subject to the requirements of section 6 of Executive Order 12866, as amended. Therefore, a regulatory impact assessment is not required.

## II. Paperwork Reduction Act

The collection of information related to the withholding requirements is captured within the forms and instructions for Forms W-4P and W-4R. Both of these forms are approved under OMB Number 1545-0074. This regulation does not alter any previously approved information collection requirements contained within the forms and instructions for Forms W-4P and W-4R, and this regulation does not create new collection requirements not already approved by the Office of Management and Budget.

## III. Regulatory Flexibility Act

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6) it is hereby certified that the collection of information in this regulation will not have a significant economic impact on a substantial number of small entities. The number of small entities potentially affected by this regulation is unknown but could be substantial because based on data and information available to the Treasury Department and the IRS, most defined benefit and defined contribution retirement plans are sponsored by small employers (defined as employers with fewer than 100 employees), while annuities and IRAs are typically set up by large financial institutions. Although a substantial number of small entities is potentially affected by this regulation, the Treasury Department and the IRS have concluded that this regulation will not have a significant economic impact on a substantial number of small entities. This is because the main purpose and effect of this regulation is to treat military and diplomatic post office addresses the same as residence addresses located within the United States for purposes of income tax withholding, and payors of distributions from retirement plans and annuities are already processing distributions to payees with residence addresses located within the United States. Accordingly, this regulation will not have a significant economic impact on a substantial number of small entities. Therefore, a regulatory

<sup>4</sup> The Senate Finance Committee Report states that "it will be appropriate to require withholding with respect to pension payments to persons with foreign addresses absent a showing that withholding is not required." S. Rep. No. 99-313, at 391 (1986).

flexibility analysis under the Regulatory Flexibility Act is not required.

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

#### IV. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a state, local, or tribal government, in the aggregate, or by the private sector, of \$100 million in 1995 dollars, updated annually for inflation. This regulation does not include any Federal mandate that may result in expenditures by state, local, or tribal governments, or by the private sector in excess of that threshold.

#### V. Executive Order 13132: Federalism

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on state and local governments, and is not required by statute, or preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the Executive Order. This rule does not have federalism implications and does not impose substantial direct compliance costs on state and local governments or preempt state law within the meaning of the Executive Order.

#### VI. Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 et seq.), the Office of Information and Regulatory Affairs designated this rule as not a major rule, as defined by 5 U.S.C. 804(2).

#### Drafting Information

The principal author of this regulation is Jeremy Lamb, of the IRS Office of Associate Chief Counsel (Employee Ben-

efits, Exempt Organizations, and Employment Taxes (EEE)). However, other personnel from the Treasury Department and the IRS participated in the development of the regulation.

#### List of Subjects in 26 CFR Part 31

Employment taxes, Income taxes, Penalties, Pensions, Railroad retirement, Reporting and recordkeeping requirements, Social security, Unemployment compensation.

#### Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 31 is amended as follows:

#### PART 31--EMPLOYMENT TAXES AND COLLECTION OF INCOME AT THE SOURCE

**Paragraph 1.** The authority citation for part 31 continues to read in part as follows:

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

\* \* \* \* \*

**Par. 2.** Section 31.3405(e)-1 is added to read as follows:

#### **§31.3405(e)-1 Questions and answers relating to withholding on pensions, annuities, and certain other deferred income.**

(a) The following questions and answers apply for purposes of determining whether a payor of periodic payments or nonperiodic distributions from pensions, annuities, and certain other deferred income (other than eligible rollover distributions) must withhold federal income tax under section 3405(a) or (b) of the Code. For purposes of this section, references to the United States include possessions of the United States.

(b)(1) *Q-1.* Is an Army Post Office (APO), a Fleet Post Office (FPO), or a Diplomatic Post Office (DPO) address an address located within the United States for purposes of section 3405(e)(13)(A)?

(2) *A-1.* For purposes of section 3405(e)(13)(A), an APO, an FPO, or a DPO address is an address located within the United States.

(c)(1) *Q-2.* Is the payor of a designated distribution described in section 3405(a) or (b) required to withhold income tax from the distribution if the payee's residence address that is provided to the payor is located within the United States?

(2) *A-2.* If the payee's residence address that is provided to the payor of a designated distribution described in section 3405(a) or (b) is located within the United States, then the payor is required to withhold income tax from the distribution unless the payee has made a valid election of no withholding in accordance with section 3405(a)(2) or (b)(2). Any election of no withholding with respect to such a distribution under section 3405(a)(2) or (b)(2) is not valid if the payee instructs the payor to do one or more of the following in connection with the distribution:

(i) Send the distribution to a financial institution or other person located outside of the United States;

(ii) Send the distribution to a financial institution or other person located within the United States with further instructions (such as *for further credit to* instructions) directing that the funds be forwarded to a financial institution or other person located outside of the United States; or

(iii) Send the distribution to a financial institution or other person pursuant to payment instructions (including addenda information) that reference an International Automated Clearing House Transaction (IAT), International Bank Account Number (IBAN), Society for Worldwide Interbank Financial Telecommunication (SWIFT) Business Identifier Code (BIC), or similar identifier linked to a financial institution or other person located outside of the United States.

(d)(1) *Q-3.* Is the payor of a designated distribution described in section 3405(a) or (b) required to withhold income tax from the distribution if the payee's residence address that is provided to the payor is located outside of the United States?

(2) *A-3.* Unless section 3405(e)(13)(B) (which provides an exception for certain nonresident aliens) applies, if the payee's residence address that is provided to the payor is located outside of the United States, the payor of a desig-

nated distribution described in section 3405(a) or (b) is required to withhold income tax from the distribution without regard to the delivery instructions and without regard to any request by the payee to elect no withholding. Withholding would be required, in this case, even if the payee has requested that the distribution be delivered to a financial institution or other person located within the United States.

(e)(1) *Q-4*. Is the payor of a designated distribution described in section 3405(a) or (b) required to withhold income tax from the distribution if the payee has not provided the payor with the payee's residence address?

(2) *A-4*. If a payee has not provided the payor of a designated distribution described in section 3405(a) or (b) with the payee's residence address, the payor is required to withhold income tax from the distribution. Such a payee may not elect no withholding under section 3405(a)(2) or (b)(2), and any purported election of no withholding by such a payee is not valid. For purposes of this section, a payee who has provided the payor with an address for the payee's nominee, trustee, or agent without also providing the payee's residence address has not provided a residence address.

(f)(1) *Q-5*. Do the withholding rules under section 3405(a) and (b) apply to a payee who is to receive a payment or distribution that is subject to the withholding rules that apply to nonresident aliens (or that would be so subject but for a tax treaty)?

(2) *A-5*. In accordance with section 3405(e)(1)(B)(iii), a designated distri-

bution does not include a distribution of a United States-source payment that is subject to withholding under the rules of sections 1441 through 1446 of the Code (or that would be so subject but for a tax treaty). Therefore, the withholding rules under section 3405(a) and (b) do not apply to such a distribution. For example, section 3405(a) or (b) withholding would not apply to a pension or other deferred compensation plan distribution to be made to a payee who is a nonresident alien (or other individual payee who is presumed to be a foreign person under the presumption rules of §1.1441-1(b)(3)). In such a case, withholding under the rules of section 1441, rather than under the rules of section 3405(a) or (b), would apply to such a distribution.

(g)(1) *Q-6*. What is the applicability date of this section?

(2) *A-6*. This section applies with respect to payments and distributions made on or after January 1, 2026. However, taxpayers may apply it to earlier payments and distributions.

**Douglas W. O'Donnell,**  
*Deputy Commissioner.*

**Approved:** September 21, 2024

**Aviva R. Aron-Dine,**  
*Deputy Assistant Secretary of the Treasury (Tax Policy).*

(Filed by the Office of the Federal Register October 18, 2024, 8:45 a.m., and published in the issue of the Federal Register for October 21, 2024, 89 FR 84079)

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

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

### **Rev. Rul. 2024-24**

This revenue ruling provides various prescribed rates for federal income tax purposes for November 2024 (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, 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. 2024-24 TABLE 1**  
 Applicable Federal Rates (AFR) for November 2024  
 Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
		<i>Short-term</i>		
AFR	4.00%	3.96%	3.94%	3.93%
110% AFR	4.41%	4.36%	4.34%	4.32%
120% AFR	4.81%	4.75%	4.72%	4.70%
130% AFR	5.22%	5.15%	5.12%	5.10%
		<i>Mid-term</i>		
AFR	3.70%	3.67%	3.65%	3.64%
110% AFR	4.08%	4.04%	4.02%	4.01%
120% AFR	4.45%	4.40%	4.38%	4.36%
130% AFR	4.83%	4.77%	4.74%	4.72%
150% AFR	5.59%	5.51%	5.47%	5.45%
175% AFR	6.52%	6.42%	6.37%	6.34%
		<i>Long-term</i>		
AFR	4.15%	4.11%	4.09%	4.08%
110% AFR	4.57%	4.52%	4.49%	4.48%
120% AFR	4.99%	4.93%	4.90%	4.88%
130% AFR	5.41%	5.34%	5.30%	5.28%

**REV. RUL. 2024-24 TABLE 2**  
 Adjusted AFR for November 2024  
 Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	3.03%	3.01%	3.00%	2.99%
Mid-term adjusted AFR	2.81%	2.79%	2.78%	2.77%
Long-term adjusted AFR	3.14%	3.12%	3.11%	3.10%

**REV. RUL. 2024-24 TABLE 3**  
 Rates Under Section 382 for November 2024

Adjusted federal long-term rate for the current month	3.14%
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.)	3.31%

**REV. RUL. 2024-24 TABLE 4**

Appropriate Percentages Under Section 42(b)(1) for November 2024

Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.91%
Appropriate percentage for the 30% present value low-income housing credit	3.39%

**REV. RUL. 2024-24 TABLE 5**  
Rate Under Section 7520 for November 2024

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

4.4%

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### **Section 42.—Low-Income Housing Credit**

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2024. See Rev. Rul. 2024-24, page 1086.

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### **Section 280G.—Golden Parachute Payments**

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2024. See Rev. Rul. 2024-24, page 1086.

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### **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 2024. See Rev. Rul. 2024-24, page 1086.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2024. See Rev. Rul. 2024-24, page 1086.

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

The applicable federal short-term rates are set forth for the month of November 2024. See Rev. Rul. 2024-24, page 1086.

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### **Section 482.—Allocation of Income and Deductions Among Taxpayers**

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2024. See Rev. Rul. 2024-24, page 1086.

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### **Section 483.—Interest on Certain Deferred Payments**

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2024. See Rev. Rul. 2024-24, page 1086.

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### **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 2024. See Rev. Rul. 2024-24, page 1086.

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### **Section 7520.—Valuation Tables**

The applicable federal mid-term rates are set forth for the month of November 2024. See Rev. Rul. 2024-24, page 1086.

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

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of November 2024. See Rev. Rul. 2024-24, page 1086.

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# Part III

## Sustainable Aviation Fuel Credit; 40BSAF-GREET 2024

### Notice 2024-74

#### SECTION 1. PURPOSE

This notice provides additional guidance regarding the sustainable aviation fuel (SAF) credits under §§ 40B and 6426(k) of the Internal Revenue Code (collectively, SAF credit or SAF credits).<sup>1</sup> Specifically, this notice instructs taxpayers using the 40BSAF-GREET 2024 model with respect to claims that relate to the sale or use of a SAF qualified mixture on or after October 18, 2024 to use the October 2024 version of the 40BSAF-GREET 2024 model and accompanying user manual for purposes of Notice 2024-37, 2024-21 I.R.B. 1191. The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) developed the guidance in this notice in consultation with the Department of Energy (DOE).

#### SECTION 2. BACKGROUND

Sections 40B and 6426(k) generally allow a SAF credit for producing and then selling or using a SAF qualified mixture. Under § 40B(d)(1)(D), the SAF must be certified to have a lifecycle greenhouse gas emissions reduction percentage of at least 50 percent. Section 40B(e) defines the term “lifecycle greenhouse gas emissions reduction percentage” to mean, with respect to any SAF, the percentage reduction in lifecycle greenhouse gas emissions achieved by such fuel, as compared with petroleum-based jet fuel, as defined in accordance with (1) the most recent Carbon Offsetting and Reduction Scheme for International Aviation that has been adopted by the International Civil Aviation Organization with the agreement of the United States or (2) any similar methodology that satisfies the criteria under § 211(o)(1)(H) of the Clean Air Act (42

U.S.C. 7545(o)(1)(H)), as in effect on August 16, 2022.

The Treasury Department and IRS have issued several notices regarding the SAF credit, including Notice 2024-37,<sup>2</sup> which allows a SAF producer to use the 40BSAF-GREET 2024 model, released April 30, 2024 (April 2024 version), to calculate the greenhouse gas emissions reduction percentage for purposes of the SAF credits.

The DOE has released an updated version of the 40BSAF-GREET 2024 model and accompanying user manual. This updated version of the 40BSAF-GREET 2024 model, released October 18, 2024 (October 2024 version), addresses a calculation issue in the April 2024 version related to catalyst inputs for the Alcohol to Jet (ATJ) SAF pathways. This calculation issue relates to the proportion of catalyst used to produce certain amounts of SAF for which the April 2024 version does not account, resulting in inaccurate estimates of the emissions associated with the catalyst input. The October 2024 version changes the calculation of the ATJ SAF pathways by lowering the emissions associated with the catalyst input. This is the only change made by the October 2024 version.

All publicly available versions of the 40BSAF-GREET 2024 model, the accompanying user manual, additional information including Frequently Asked Questions, and a log of changes to the model are available at <https://www.energy.gov/eere/greet>.

#### SECTION 3. 40BSAF-GREET 2024 SAFE HARBORS IN NOTICE 2024-37

A taxpayer using a 40BSAF-GREET 2024 safe harbor described in sections 3.01(3) and 4.01(2) of Notice 2024-37 to calculate its emissions reduction percentage with respect to claims that relate to the sale or use of a SAF qualified mixture on or after October 18, 2024, must use the October 2024 version of the 40BSAF-GREET 2024 model.

#### SECTION 4. EFFECTIVE DATE OF THIS NOTICE

The guidance in this notice is effective on October 18, 2024.

#### SECTION 5. EFFECT ON OTHER DOCUMENTS

Sections 3.01(3) and 4.01(2) of Notice 2024-37 are amplified.

#### SECTION 6. DRAFTING INFORMATION

The principal author of this notice is Camille Edwards Bennehoff of the Office of the Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice, please contact Ms. Edwards Bennehoff at (202) 317-6855 (not a toll-free number).

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

### Notice 2024-76

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

Section 430 specifies the minimum funding requirements that apply to sin-

<sup>1</sup> Unless otherwise specified, all references to “section” or “§” are references to sections of the Internal Revenue Code.

<sup>2</sup> Notice 2023-6, 2023-2 I.R.B. 328 and Notice 2024-6, 2024-2 I.R.B. 34 also address the SAF credits.

gle-employer plans (except for CSEC plans under § 414(y)) 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.

Section 1.430(h)(2)-1(d) provides rules for determining the monthly corporate bond yield curve,<sup>2</sup> and § 1.430(h)(2)-1(c) provides rules for determining 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 § 1.430(h)(2)-1(d), the monthly corporate bond yield curve derived from September 2024 data is in Table 2024-9 at the end of this notice. The spot first, second, and third segment rates for the month of September 2024 are, respectively, 4.17, 4.76, and 5.25.

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 percent-

ages of the corresponding 25-year average segment rates. Those percentages are 95% and 105% for plan years beginning in 2023, 2024 and 2025. For this purpose, any 25-year average segment rate that is less than 5% is deemed to be 5%. The 25-year average segment rates for plan years beginning in 2023, 2024 and 2025 were published in Notice 2022-40, 2022-40 I.R.B. 266, Notice 2023-66, 2023-40 I.R.B. 992, and Notice 2024-67, 2024-41 I.R.B. 726, respectively.

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

The three 24-month average corporate bond segment rates applicable for October 2024 without adjustment for the 25-year average segment rate limits are as follows:

<i>24-Month Average Segment Rates Without 25-Year Average Adjustment</i>			
<b>Applicable Month</b>	<b>First Segment</b>	<b>Second Segment</b>	<b>Third Segment</b>
October 2024	5.05	5.31	5.37

The adjusted 24-month average segment rates set forth in the chart below reflect § 430(h)(2)(C)(iv) of the Code. The

24-month averages applicable for October 2024, adjusted to be within the applicable minimum and maximum percentages of

the corresponding 25-year average segment rates in accordance with § 430(h)(2)(C)(iv) of the Code, are as follows:

<i>Adjusted 24-Month Average Segment Rates</i>				
<b>For Plan Years Beginning In</b>	<b>Applicable Month</b>	<b>First Segment</b>	<b>Second Segment</b>	<b>Third Segment</b>
2023	October 2024	5.05	5.31	5.74
2024	October 2024	5.05	5.31	5.59
2025	October 2024	5.05	5.31	5.50

**30-YEAR TREASURY SECURITIES INTEREST RATES**

Section 431 specifies the minimum funding requirements that apply to multi-employer plans pursuant to § 412. Section 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 average interest rate. The rate of interest on 30-year Treasury securities for September 2024 is 4.04 percent. The Service determined this rate as the average of the daily determinations of yield on the

<sup>1</sup> Pursuant to § 433(h)(3)(A), the third 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)).

<sup>2</sup> For months before February 2024, the monthly corporate bond yield curve was determined in accordance with Notice 2007-81, 2007-44 I.R.B. 899. Section 1.430(h)(2)-1(d) generally adopts the methodology for determining the monthly corporate bond yield curve under Notice 2007-81 but includes two enhancements to take into account subsequent changes in the bond market. Those enhancements are described in the preamble to TD 9986 (89 FR 2127).



30-year Treasury bond maturing in August 2054. For plan years beginning in October 2024, the weighted average of the rates of interest on 30-year Treasury securities and the permissible range of rates used to calculate current liability are as follows:

<i>Treasury Weighted Average Rates</i>		
<b>For Plan Years Beginning In</b>	<b>30-Year Treasury Weighted Average</b>	<b>Permissible Range 90% to 105%</b>
October 2024	3.67	3.30 to 3.85

**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. Section 1.417(e)-1(d)(3) provides guidelines for determining the minimum present value segment rates. Pursuant to that section, the minimum present value segment rates determined for September 2024 are as follows:

<i>Minimum Present Value Segment Rates</i>			
<b>Month</b>	<b>First Segment</b>	<b>Second Segment</b>	<b>Third Segment</b>
September 2024	4.17	4.76	5.25

**DRAFTING INFORMATION**

The principal author of this notice is Tom Morgan of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). 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 626-927-1475 (not toll-free number).

**Table 2024-9**  
 Monthly Yield Curve for September 2024  
 Derived from September 2024 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	4.66	20.5	5.12	40.5	5.26	60.5	5.33	80.5	5.37
1.0	4.43	21.0	5.13	41.0	5.26	61.0	5.34	81.0	5.37
1.5	4.23	21.5	5.14	41.5	5.27	61.5	5.34	81.5	5.37
2.0	4.10	22.0	5.14	42.0	5.27	62.0	5.34	82.0	5.37
2.5	4.03	22.5	5.15	42.5	5.27	62.5	5.34	82.5	5.37
3.0	4.00	23.0	5.15	43.0	5.27	63.0	5.34	83.0	5.37
3.5	4.01	23.5	5.15	43.5	5.28	63.5	5.34	83.5	5.37
4.0	4.04	24.0	5.16	44.0	5.28	64.0	5.34	84.0	5.38
4.5	4.08	24.5	5.16	44.5	5.28	64.5	5.34	84.5	5.38
5.0	4.13	25.0	5.16	45.0	5.28	65.0	5.34	85.0	5.38
5.5	4.18	25.5	5.16	45.5	5.29	65.5	5.35	85.5	5.38
6.0	4.24	26.0	5.16	46.0	5.29	66.0	5.35	86.0	5.38
6.5	4.29	26.5	5.17	46.5	5.29	66.5	5.35	86.5	5.38
7.0	4.34	27.0	5.17	47.0	5.29	67.0	5.35	87.0	5.38
7.5	4.40	27.5	5.17	47.5	5.29	67.5	5.35	87.5	5.38
8.0	4.45	28.0	5.17	48.0	5.30	68.0	5.35	88.0	5.38
8.5	4.50	28.5	5.17	48.5	5.30	68.5	5.35	88.5	5.38
9.0	4.55	29.0	5.18	49.0	5.30	69.0	5.35	89.0	5.38
9.5	4.59	29.5	5.18	49.5	5.30	69.5	5.35	89.5	5.38
10.0	4.63	30.0	5.19	50.0	5.30	70.0	5.35	90.0	5.38
10.5	4.67	30.5	5.19	50.5	5.31	70.5	5.36	90.5	5.38
11.0	4.71	31.0	5.20	51.0	5.31	71.0	5.36	91.0	5.38
11.5	4.75	31.5	5.20	51.5	5.31	71.5	5.36	91.5	5.38
12.0	4.78	32.0	5.20	52.0	5.31	72.0	5.36	92.0	5.38
12.5	4.82	32.5	5.21	52.5	5.31	72.5	5.36	92.5	5.39
13.0	4.85	33.0	5.21	53.0	5.31	73.0	5.36	93.0	5.39
13.5	4.88	33.5	5.22	53.5	5.32	73.5	5.36	93.5	5.39
14.0	4.90	34.0	5.22	54.0	5.32	74.0	5.36	94.0	5.39
14.5	4.93	34.5	5.22	54.5	5.32	74.5	5.36	94.5	5.39
15.0	4.95	35.0	5.23	55.0	5.32	75.0	5.36	95.0	5.39
15.5	4.98	35.5	5.23	55.5	5.32	75.5	5.36	95.5	5.39
16.0	5.00	36.0	5.23	56.0	5.32	76.0	5.36	96.0	5.39
16.5	5.02	36.5	5.24	56.5	5.32	76.5	5.36	96.5	5.39
17.0	5.03	37.0	5.24	57.0	5.33	77.0	5.37	97.0	5.39
17.5	5.05	37.5	5.24	57.5	5.33	77.5	5.37	97.5	5.39
18.0	5.07	38.0	5.25	58.0	5.33	78.0	5.37	98.0	5.39
18.5	5.08	38.5	5.25	58.5	5.33	78.5	5.37	98.5	5.39
19.0	5.09	39.0	5.25	59.0	5.33	79.0	5.37	99.0	5.39
19.5	5.10	39.5	5.26	59.5	5.33	79.5	5.37	99.5	5.39
20.0	5.11	40.0	5.26	60.0	5.33	80.0	5.37	100.0	5.39

# Guidance Under Sections 414(aa) and 402(c)(12) of the Internal Revenue Code with Respect to Inadvertent Benefit Overpayments

## Notice 2024-77

### I. PURPOSE

This notice provides guidance in the form of questions and answers on sections 414(aa) and 402(c)(12) of the Internal Revenue Code (Code) as added by section 301(b) of Division T of the Consolidated Appropriations Act, 2023, Pub. L. 117-328, 136 Stat. 4459 (2022), known as the SECURE 2.0 Act of 2022 (SECURE 2.0 Act).<sup>1</sup> Section 414(aa) of the Code addresses the requirements of sections 401(a) and 403 with respect to inadvertent benefit overpayments. Section 402(c)(12) addresses the treatment of certain inadvertent benefit overpayments as eligible rollover distributions.

This notice provides guidance on the impact of sections 414(aa) and 402(c)(12) on the Employee Plans Compliance Resolution System (EPCRS), set forth in Revenue Procedure 2021-30, 2021-31 IRB 172, including the impact on correction of inadvertent benefit overpayments. This notice is intended to assist taxpayers by providing interim guidance and is not intended to provide comprehensive guidance with respect to sections 414(aa) and 402(c)(12).

The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) invite comments on the guidance in this notice and any other aspect of sections 414(aa) and 402(c)(12), including how those sections are affected by the provisions of section 301(c) and (d) of the SECURE 2.0 Act.

### II. BACKGROUND

#### A. Rev. Proc. 2021-30.

Rev. Proc. 2021-30 sets forth EPCRS, a system of correction programs for certain employer-sponsored retirement plans. Rev. Proc. 2021-30 describes correction methods for overpayments, including a method by which overpayments may be corrected through corrective payments to the plan (whether recouped from participants or beneficiaries or paid by plan sponsors or other third parties).<sup>2</sup> A participant or beneficiary may make corrective payments in a lump sum, in installments, or, with regard to overpayments involving periodic payments, through reductions in future payments.<sup>3</sup> If a plan sponsor chooses not to seek recoupment from a participant or beneficiary (or is unsuccessful in obtaining full recoupment), the plan sponsor or another person generally must make the corrective payments to the extent the full overpayment amount is not repaid to the plan.<sup>4</sup> In addition, under Rev. Proc. 2021-30, if an overpayment is not corrected by plan amendment, the plan sponsor generally must notify the participant or beneficiary in writing that the overpayment is not eligible for the favorable tax treatment accorded to distributions from an eligible retirement plan and is not eligible for tax-free rollover.<sup>5</sup> For defined benefit plans, Rev. Proc. 2021-30 provides two additional correction methods, the funding exception correction method and contribution credit correction method, that reduce the need for corrective payments.<sup>6</sup> Under the funding exception correction method, if a plan subject to section 436 is sufficiently funded and satisfies other eligibility requirements, no corrective payments from any party are required. Under the contribution credit correction method, required corrective payments are reduced, based on a specified formula, by

certain additional contributions in excess of minimum funding requirements and by increases in the plan's minimum funding requirements attributable to the overpayment.

#### B. Section 414(aa) of the Code.

Section 301(b)(1) of the SECURE 2.0 Act added section 414(aa) to the Code. Section 414(aa)(1) provides that, as a general rule, a plan will not fail to be treated as described in clause (i), (ii), (iii) or (iv) of section 219(g)(5)(A)<sup>7</sup> and will not fail to be treated as satisfying the requirements of section 401(a) or 403 merely because the plan fails to obtain payment from a participant, beneficiary, employer, plan sponsor, fiduciary, or other party on account of any inadvertent benefit overpayment, or the plan sponsor amends the plan to increase past, or decrease future, benefit payments to affected participants and beneficiaries in order to adjust for prior inadvertent benefit overpayments.

Section 414(aa)(2) provides that section 414(aa)(1) will not fail to apply to a plan merely because, after discovering a benefit overpayment, the plan reduces future benefit payments to the correct amount provided for under the terms of the plan or seeks recovery from the person responsible for the overpayment.

Section 414(aa)(3) provides that nothing in section 414(aa) relieves an employer of any obligation imposed on it to make contributions to a plan to meet the minimum funding standards under sections 412 and 430 or to prevent or restore an impermissible forfeiture in accordance with section 411.

Section 414(aa)(4) provides that, notwithstanding section 414(aa)(1), a plan to which section 414(aa)(1) applies must observe any limitations imposed on it by section 401(a)(17) or 415. The plan may enforce these limitations using any

<sup>1</sup> Section 301(a) of the SECURE 2.0 Act amends title I of the Employee Retirement Income Security Act of 1974, Pub. L. 93-406, 88 Stat. 829, as amended (ERISA), by adding section 206(h) to ERISA. This notice does not address section 206(h) of ERISA.

<sup>2</sup> Other correction methods may be available. For example, a plan sponsor may also be able to amend the plan to conform to the plan's operations. See section 6.06(3)(a) and (4)(a) of Rev. Proc. 2021-30.

<sup>3</sup> See section 6.06(3)(c) and (4)(c) of Rev. Proc. 2021-30 and sections 2.04(2) and 2.05(2) of Appendix B to Rev. Proc. 2021-30.

<sup>4</sup> See section 6.06(3)(b)(iii) and (4)(b)(iii) of Rev. Proc. 2021-30.

<sup>5</sup> See section 6.06(3)(b)(ii) and (4)(b)(ii) of Rev. Proc. 2021-30.

<sup>6</sup> See section 6.06(3)(d) of Rev. Proc. 2021-30 and section 2.05(3) and (4) of Appendix B to Rev. Proc. 2021-30.

<sup>7</sup> A plan described in section 219(g)(5)(A)(i), (ii), (iii), or (iv) is (i) a plan described in section 401(a) which includes a trust exempt from tax under section 501(a), (ii) an annuity plan described in section 403(a), (iii) a plan established for its employees by the United States, by a State or political subdivision thereof or any agency or instrumentality of any of the foregoing, or (iv) an annuity contract described in section 403(b).

method approved by the Secretary for recouping benefits previously paid or allocations previously made in excess of the limitations.

Section 414(aa)(5) provides that the Secretary may issue regulations or other guidance of general applicability specifying how benefit overpayments and their recoupment or non-recoupment from a participant are taken into account for purposes of satisfying any requirement applicable to a plan to which section 414(aa)(1) applies.

### **C. Section 402(c)(12) of the Code.**

Section 301(b)(2) of the SECURE 2.0 Act added section 402(c)(12) to the Code. Section 402(c)(12) applies in the case of an inadvertent benefit overpayment from a plan to which section 414(aa)(1) applies that is transferred to an eligible retirement plan by or on behalf of a participant or beneficiary. Section 402(c)(12)(A) provides that the portion of the overpayment with respect to which recoupment is not sought on behalf of the plan will be treated as having been paid in an eligible rollover distribution if the payment would have been an eligible rollover distribution but for being an overpayment. Section 402(c)(12)(B) provides that the portion of the overpayment with respect to which recoupment is sought on behalf of the plan will be permitted to be returned to the plan and, in the case of an overpayment returned to the plan, will be treated as an eligible rollover distribution transferred to the plan by the participant or beneficiary who received the overpayment (and the plans making and receiving the transfer are treated as permitting the transfer).

### **D. Sections 301(c) and (d) of the SECURE 2.0 Act.**

Section 301(c) of the SECURE 2.0 Act provides that the amendments made by section 301 are effective as of the date

of enactment of the SECURE 2.0 Act (December 29, 2022).

Section 301(d) provides that plans, fiduciaries, employers, and plan sponsors are entitled to rely on:

(1) a reasonable good faith interpretation of then existing administrative guidance for inadvertent benefit overpayment recoupments and recoveries that commenced before December 29, 2022, and

(2) determinations made before December 29, 2022, by the responsible plan fiduciary, in the exercise of its fiduciary discretion, not to seek recoupment or recovery of all or part of an inadvertent benefit overpayment.

In the case of a benefit overpayment that occurred before December 29, 2022, any installment payments made by the participant or beneficiary to the plan or any reduction in periodic benefit payments to the participant or beneficiary that were made in recoupment of such overpayment, and that commenced before December 29, 2022, may continue after that date.

Nothing in section 301(d) relieves a fiduciary from responsibility for an overpayment that resulted from a breach of its fiduciary duties.

## **III. GUIDANCE REGARDING SECTIONS 414(aa) AND 402(c)(12) OF THE CODE**

**Q-1.** How is an “inadvertent benefit overpayment” defined for purposes of sections 414(aa) and 402(c)(12) and this notice?

**A-1.** An “inadvertent benefit overpayment,” for purposes of sections 414(aa) and 402(c)(12) and this notice, is an eligible inadvertent failure, as defined in section 305(e) of the SECURE 2.0 Act,<sup>8</sup> that occurs due to a payment made from a plan described in section 219(g)(5)(A)(i)-(iv) of the Code<sup>9</sup> that exceeded the amount payable under the terms of the plan or a limitation provided in the Code or regulations. An inadvertent benefit overpayment

also includes a payment made before a distribution is permitted under the Code or under the terms of the plan. However, an inadvertent benefit overpayment does not include (i) a payment made to a disqualified person as defined in section 4975(e)(2) or owner-employee as defined in section 401(c), or (ii) a payment that is made pursuant to a correction method provided under Rev. Proc. 2021-30 for a different qualification failure.

**Q-2.** Does section 414(aa)(1)(A) affect the requirement in section 6.06 of Rev. Proc. 2021-30<sup>10</sup> that an overpayment be corrected through corrective payments?

**A-2.** Yes. Except as provided in section 414(aa)(4) and (5), under section 414(aa)(1)(A), a failure to obtain payment on account of any inadvertent benefit overpayment does not affect a plan’s satisfaction of the applicable provisions of sections 401(a) and 403. Thus, except as described in Q&A-5 of this notice with respect to failures to observe any of the funding-based benefit restrictions of section 436(b), (c), (d), or (e) applicable to certain single-employer defined benefit plans (section 436 failure) and as described in Q&A-6 of this notice with respect to failures to observe any limitation imposed by section 401(a)(17) or 415 (section 401(a)(17) and 415 failures), any requirement described in section 6.06 of Rev. Proc. 2021-30 that a corrective payment be made to a plan with respect to an inadvertent benefit overpayment no longer applies.

Although a corrective payment generally is not required for an inadvertent benefit overpayment, other failures may occur as the result of an inadvertent benefit overpayment that could require a corrective payment. For example, if a plan participant received an inadvertent benefit overpayment due to an incorrect allocation of a profit-sharing contribution under a plan, another plan participant may have received a benefit underpayment. In this case, the benefit underpayment would be considered an additional failure in need of

<sup>8</sup>An “eligible inadvertent failure” is defined in section 305(e) of the SECURE 2.0 Act as a failure that (1) occurs despite the existence of established practices and procedures that, as relevant to employer-sponsored plans, satisfy the standards set forth in section 4.04 of Rev. Proc. 2021-30, (2) is not egregious, (3) does not relate to the diversion or misuse of plan assets, and (4) is not directly or indirectly related to an abusive tax avoidance transaction. See Notice 2023-43, 2023-24 IRB 919, for additional information and conditions with respect to expansion of EPCRS under section 305 of the SECURE 2.0 Act.

<sup>9</sup>See footnote 7 for the definition of a plan described in section 219(g)(5)(A)(i), (ii), (iii), or (iv).

<sup>10</sup>Some of the correction methods described in section 6.06 of Rev. Proc. 2021-30 are also described in sections 2.04 and 2.05 of Appendix B to Rev. Proc. 2021-30. In this notice, a reference to section 6.06 also includes parallel language in section 2.04 or 2.05 of Appendix B.



correction, which may require a corrective payment. In addition, section 414(aa)(3) may require an employer to make a corrective payment to prevent or restore an impermissible forfeiture in accordance with section 411.

**Q-3.** Does section 414(aa)(1) prohibit a plan sponsor from seeking recoupment of inadvertent benefit overpayments from overpayment recipients?

**A-3.** No. Section 414(aa)(1) does not change the rule in section 6.06 of Rev. Proc. 2021-30 that recoupment from overpayment recipients is permitted but not required. For example, a plan sponsor may continue to use the overpayment correction methods in section 6.06(3)(c) and (4)(c) and in section 2.05(2)(c) of Appendix B to Rev. Proc. 2021-30. As noted in footnote 1, this notice does not address ERISA section 206(h), which, in part, imposes conditions on recoupment of an inadvertent benefit overpayment from a participant or beneficiary.

**Q-4.** Under what circumstances may an individual who rolls over an inadvertent benefit overpayment to an eligible retirement plan retain the overpayment in tax-favored status?

**A-4.** Under section 402(c)(12)(A), the portion of a rolled-over inadvertent benefit overpayment for which recoupment is not sought is treated as an eligible rollover distribution if the payment would have been an eligible rollover distribution but for being an overpayment. Accordingly, subject to the exception described in Q&A-6 of this notice for a section 401(a)(17) or 415 failure, an individual who receives an inadvertent benefit overpayment and rolls over that overpayment pursuant to a direct or 60-day rollover retains the tax-favored status of the overpayment for the portion of the overpayment for which recoupment is not sought.

Under section 402(c)(12)(B), if an inadvertent benefit payment is rolled over from an originating plan to a second plan and recoupment of all or a portion of the inadvertent benefit payment is sought, then the amount that is sought and transferred back to the originating plan is treated both as an eligible rollover distribution from the originating plan and as an eligible rollover distribution transferred back to the originating plan. Additionally, under section 402(c)(12)(B),

both the originating plan and the second plan are treated as permitting the transfer back to the originating plan. Thus, without regard to plan terms, the originating plan is treated as permitting the transfer back of the inadvertent benefit overpayment as an eligible rollover distribution, and the transfer from the second plan is treated as an eligible rollover distribution.

The portion of an inadvertent benefit overpayment for which recoupment is sought that is not returned to the originating plan is not treated as an eligible rollover distribution. In accordance with the requirements of section 6.06(3)(b)(ii) or (4)(ii) of Rev. Proc. 2021-30, the plan sponsor must notify the individual that any unreturned portion of the inadvertent benefit overpayment is not eligible for favorable tax treatment accorded to distributions from an eligible retirement plan, as defined in section 402(c)(8)(B) (and, specifically, is not eligible for tax-free rollover). The notice provided to the participant regarding tax treatment of the unreturned portion of the overpayment may be combined with a plan sponsor's recoupment request.

**Q-5.** What is the treatment under sections 414(aa) and 402(c)(12) for inadvertent benefit overpayments resulting from a section 436 failure?

**A-5.** With respect to a section 436 failure under a plan that occurs as a result of an inadvertent benefit overpayment to an individual, to the extent the inadvertent benefit overpayment is not recouped on behalf of the plan from the individual, the plan sponsor or another person must make a corrective payment under the same circumstances as apply generally under Rev. Proc. 2021-30 for an overpayment that is not an inadvertent benefit overpayment. This requirement is provided pursuant to the Secretary's authority under section 414(aa)(5) to issue guidance specifying how benefit overpayments and their recoupment or non-recoupment are taken into account for purposes of satisfying any requirement applicable to a plan to which section 414(aa)(1) applies and is an exception to the rule described in Q&A-2 that section 6.06 of Rev. Proc. 2021-30 no longer requires a corrective payment to a plan with respect to an inadvertent benefit overpayment.

In addition, to the extent an individual rolled over an inadvertent benefit overpayment resulting from a section 436 failure, the rules relating to rollover treatment if an inadvertent benefit overpayment either is or is not sought that are described in Q&A-4 apply.

**Q-6.** What is the treatment under sections 414(aa) and 402(c)(12) for inadvertent benefit overpayments resulting from section 401(a)(17) or 415 failures?

**A-6.** Under section 414(aa)(4), a plan must observe the limitations imposed by sections 401(a)(17) and 415 and may enforce those limitations using any method approved by the Secretary for recouping benefits previously paid or allocations previously made in excess of those limitations. This requirement to comply with sections 401(a)(17) and 415 is an exception to the rule described in Q&A-2 of this notice that any requirement described in section 6.06 of Rev. Proc. 2021-30 that a corrective payment be made to a plan with respect to an inadvertent benefit overpayment no longer applies. Accordingly, with respect to a section 401(a)(17) or 415 failure under a plan that occurs as a result of an inadvertent benefit overpayment to an individual, to the extent the inadvertent benefit overpayment is not recouped on behalf of the plan from the individual, the plan sponsor or another person must make a corrective payment under the same circumstances as apply under section 6.06 of Rev. Proc. 2021-30 for an overpayment that is not an inadvertent benefit overpayment.

As described in Q&A-4 of this notice, the portion of an inadvertent benefit overpayment for which recoupment is sought that is not returned to the originating plan is not treated as an eligible rollover distribution under section 402(c)(12). For purposes of this rule, an inadvertent benefit overpayment occurring as a result of a section 401(a)(17) or 415 failure that requires corrective payments under section 6.06 of Rev. Proc. 2021-30 is treated as an inadvertent benefit overpayment for which recoupment is sought. Accordingly, if, on behalf of a plan, the plan sponsor does not recoup from an individual a rolled-over inadvertent benefit overpayment that occurs as a result of a section 401(a)(17) or 415 failure, the inadvertent benefit overpayment is not treated as an eligible

rollover distribution. In accordance with the requirements of section 6.06(3)(b)(ii) and (4)(ii), the plan sponsor must notify the individual that any portion of the inadvertent benefit overpayment not returned to the plan is not eligible for favorable tax treatment accorded to distributions from an eligible retirement plan, as defined in section 402(c)(8)(B) (and, specifically, is not eligible for tax-free rollover). The notice provided to the participant regarding tax treatment of the unreturned portion of the overpayment may be combined with a recoupment request.

**Q-7.** May a plan sponsor amend a plan to increase past benefit payments to affected participants and beneficiaries, in order to adjust for prior inadvertent benefit overpayments pursuant to section 414(aa)(1)(B), in a manner that results in a violation of section 401(a)(17), 415, or 436 for a past year?

**A-7.** Under section 414(aa)(4), notwithstanding section 414(aa)(1), a plan to which section 414(aa)(1) applies must observe any limitations imposed on it by sections 401(a)(17) and 415. Additionally, under Q&A-1 of Notice 2023-43, a plan sponsor may self-correct an eligible inadvertent failure (which includes an inadvertent benefit overpayment) only if certain requirements are met, including that the plan sponsor does not use a correction method that is prohibited under Rev. Proc. 2021-30. Under section 6.02(2)(d) of Rev. Proc. 2021-30, a correction method under Rev. Proc. 2021-30 should not violate another applicable specific requirement of section 401(a) or 403(b), or a parallel requirement in part 2 of subtitle B of title I of ERISA (for plans that are subject to part 2 of subtitle B of title I of ERISA). Therefore, an amendment to increase past benefit payments pursuant to section 414(aa)(1)(B) of the Code in a manner that results in a violation of section 401(a)(17) or 415 for a past year is not permitted.

An amendment to increase past benefits pursuant to section 414(aa)(1)(B) that results in a section 436 failure for a past year is permitted only if contributions are made in accordance with section 436(c)(2) and section 6.02(4) of Rev. Proc. 2021-30.

**Q-8.** Are there any provisions of Rev. Proc. 2021-30 that are modified or are no longer applicable with respect to an inad-

vertent benefit overpayment to which section 414(aa) or 402(c)(12) applies?

**A-8.** The following provisions of Rev. Proc. 2021-30 are modified or are no longer applicable with respect to an inadvertent benefit overpayment to which section 414(aa) or 402(c)(12) applies:

- The definition of an overpayment in sections 5.01(3)(c) and 5.02(4) of Rev. Proc. 2021-30 is modified by Q&A-1 of this notice for an overpayment that is an inadvertent benefit overpayment.

- Any requirement in section 6.06(3)(b)(ii) and (4)(b)(ii) of Rev. Proc. 2021-30 that a plan sponsor must notify an individual that an overpayment is not an eligible rollover distribution no longer applies to the portion of an inadvertent benefit overpayment not sought for recoupment (other than as specified in Q&A-4, Q&A-5, and Q&A-6 of this notice with respect to the portion of an inadvertent benefit overpayment for which recoupment is sought but is not returned to the originating plan).

- Any requirement of a corrective payment in section 6.06 of Rev. Proc. 2021-30 no longer applies to an inadvertent benefit overpayment (other than as specified in Q&A-5 of this notice with respect to a section 436 failure and in Q&A-6 of this notice with respect to a section 401(a)(17) or 415 failure).

- Section 6.09(5) of Rev. Proc. 2021-30, which provides relief from the excise tax under section 4973, is no longer necessary for any inadvertent benefit overpayment that is treated as an eligible rollover distribution under section 402(c)(12). Accordingly, under those circumstances, section 6.09(5) of Rev. Proc. 2021-30 no longer applies.

- Section 6.09(6) of Rev. Proc. 2021-30, which provides relief from the 10 percent additional income tax under section 72(t), is no longer necessary for any inadvertent benefit overpayment that is treated as an eligible rollover distribution under section 402(c)(12). Accordingly, under those circumstances, section 6.09(6) of Rev. Proc. 2021-30 no longer applies.

#### **IV. APPLICABILITY DATE**

This notice applies with respect to section 414(aa) on the date it is issued. For periods before the date of issuance of this notice, a taxpayer may rely on a good

faith, reasonable interpretation of section 414(aa).

This notice applies with respect to section 402(c)(12) on the date it is issued. Section 402(c)(12) applies as of December 29, 2022, regardless of when an inadvertent benefit overpayment was made. For periods before the date of issuance of this notice, a taxpayer may rely on a good faith, reasonable interpretation of section 402(c)(12).

A plan sponsor that interpreted section 414(aa) or 402(c)(12) during periods before the date of issuance of this notice will be treated as having applied a good faith, reasonable interpretation of section 414(aa) or 402(c)(12).

#### **V. REQUEST FOR COMMENTS**

The Treasury Department and the IRS invite comments on the guidance in this notice and any other aspect of sections 414(aa) and 402(c)(12), including as those sections are affected by the provisions of section 301(c) and (d) of the SECURE 2.0 Act.

Comments should be submitted in writing on or before December 16, 2024, and should include a reference to Notice 2024-77. Comments may be submitted electronically via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (type "IRS Notice 2024-77" in the search field on the Regulations.gov home page to find this notice and submit comments). Alternatively, comments may be submitted by mail to: Internal Revenue Service, Attn: CC:PA:LPD:PR (Notice 2024-77), Room 5203, P.O. Box 7604, Ben Franklin Station, Washington, D.C. 20044.

The Treasury Department and the IRS will publish for public availability any comment submitted electronically or on paper to its public docket.

#### **VI. PAPERWORK REDUCTION ACT**

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 of information mentioned in this IRS Notice has been reviewed and approved by the Office of Management and Budget in

accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1673.

The mentioned collection of information is a third-party disclosure requirement listed in Q&A-4, Q&A-5, and Q&A-6. This information is required to notify plan participants of the tax implications of a distribution from a plan that is not an eligible rollover distribution. Notice 2024-77 does not alter any previously accounted for information collection requirements and does not create new collection requirements not already approved by the Office of Management and Budget.

## VII. DRAFTING INFORMATION

The principal authors of this notice are Christina Cerasale and Amy Moskowitz of the Office of the Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). However, other personnel from the Treasury Department and the IRS participated in the development of this guidance. For further information regarding this notice, contact Ms. Cerasale or Ms. Moskowitz at (202) 317-4102 (not a toll-free number).

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*26 CFR 1.6417-2: Rules for Making Elective Payment Election*  
(Also: 6417(h), 6081, 7803)

## Rev. Proc. 2024-39

### SECTION 1. PURPOSE

This revenue procedure grants certain applicable entities under section 6417(d)(1)(A) of the Internal Revenue Code (Code)<sup>1</sup> an automatic six-month extension of time to file an original or superseding Form 990-T, *Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e) of the Code)*, with any other relevant schedules and forms (such as Form 3800, *General Business Credit*, and any relevant source credit forms), to make an elective payment election as provided under section 6417(d)(3) and §1.6417-2(b) (elective payment election). This automatic six-month extension,

described in section 3 of this revenue procedure, means that certain applicable entities that did not timely file an extension on Form 8868, *Application for Extension of Time To File an Exempt Organization Return*, will nevertheless be granted an automatic six-month extension of time to file a Form 990-T for purposes of making an elective payment election. Taxpayers are not required to file a Form 8868 to receive the extension provided in this guidance.

Section 4 of this revenue procedure allows applicable entities to make the elective payment election on a paper-filed Form 990-T if they follow the procedural requirements of section 4.03 of this revenue procedure. The IRS strongly encourages electronic filing of returns to ensure more efficient processing of elective payment elections.

Section 5 of this revenue procedure provides procedures allowing for assistance on processing an elective payment election for applicable entities that are otherwise eligible for the relief in section 3 but receive a notice from the Internal Revenue Service (IRS) that their elective payment election was ineffective because the return on which it was made was filed after the due date of the return.

This relief is being granted for certain applicable entities making elective payment elections in the first year such elections are available because the Department of the Treasury (Treasury Department) and the IRS are aware that many applicable entities were unfamiliar with the filing and extension process with respect to Form 990-T. Further, many applicable entities have been unable to make an elective payment election on a timely, electronically-filed Form 990-T because of limitations in electronic filing capabilities of third-party return preparers.

### SECTION 2. BACKGROUND

.01 Section 6417, which applies to taxable years beginning on or after January 1, 2023, allows applicable entities defined in section 6417(d)(1) to make an elective payment election under section 6417 with respect to any applicable credit

determined with respect to the applicable entity for the taxable year. If an applicable entity makes an elective payment election, the applicable entity is treated as making a payment against Federal income taxes imposed by subtitle A of the Code for the taxable year with respect to which such credit was determined that is equal to the amount of such credit (elective payment amount). An election under section 6417 must be made at such time and in such manner as provided by the Secretary of the Treasury or her delegate (Secretary).

.02 Section 1.6417-2(b)(1)(i) provides an elective payment election is made on the annual tax return, as defined in §1.6417-1(b), in the manner prescribed by the IRS in guidance, along with any required completed source credit form(s) with respect to the applicable credit property, a completed Form 3800 (or its successor), and any additional information, including supporting calculations, required in instructions. Section 1.6417-1(b)(1) defines annual tax return for any taxpayer normally required to file a tax return with the IRS on an annual basis as the required return (including the Form 990-T for organizations subject to tax imposed by section 511 of the Code or a proxy tax under section 6033(e) or that are required to file a Form 990 pursuant to section 6033(a)).

.03 Section 6417(d)(3)(A)(i) provides rules regarding the due date for making an elective payment election. Under §1.6417-2(b)(3)(i), in the case of any taxpayer for which no Federal income tax return is required under sections 6011 or no Federal return is required under 6033(a) of the Code (such as a State; the District of Columbia; an Indian Tribal government; any U.S. territory; a political subdivision of a State, the District of Columbia, or a U.S. territory, or a subdivision of an Indian Tribal government; certain agencies or instrumentalities of a State, the District of Columbia, an Indian Tribal government, or a U.S. territory; or a taxpayer excluded from filing pursuant to section 6033(a)(3)), an elective payment election is due by the 15th day of the fifth month after the end of such applicable entity's taxable year. However, subject to

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<sup>1</sup> Unless otherwise specified, all "section" or "§" references are to sections of the Code or the Income Tax Regulations (26 CFR Part 1).



the issuance of guidance that specifies the manner in which such entities can request an extension of time to file and make the elective payment election, an automatic six-month extension from the 15th day of the fifth month after the end of the taxable year is deemed to be allowed. In the case of an applicable entity for which a return is required under section 6011 or 6033(a), an elective payment election under section 6417(a) cannot be made later than the due date (including extensions of time) for the tax return for the taxable year for which the election is made, and there is no deemed automatic extension of time from the original due date.

.04 For example, a State government with a taxable year ending December 31, 2023, would have an original due date to file Form 990-T to make an elective payment election of May 15, 2024, with an automatic six-month extension of time to November 15, 2024. A tax-exempt entity with a taxable year ending December 31, 2023, would have an original due date to file Form 990-T to make an elective payment election of May 15, 2024, but, without the relief granted in section 3.02 of this revenue procedure, would receive a six-month extension of time to file only if the tax-exempt entity properly filed Form 8868 on or before May 15, 2024.

.05 Section 6417(h) authorizes the Secretary to issue such regulations or other guidance as may be necessary to carry out the purposes of section 6417, including guidance to ensure that the amount of the payment or deemed payment made under section 6417 is commensurate with the amount of the credit that would be otherwise allowable (determined without regard to section 38(c)).

.06 Section 6081(a) permits the Secretary to grant a reasonable extension of time, generally no more than six months, for filing any return, statement, or other required document.

.07 Section 7803(a)(2)(A) provides that the Commissioner of Internal Revenue “shall have such duties and powers as the Secretary may prescribe, including the power to administer, manage, con-

duct, direct, and supervise the execution and application of the internal revenue laws or related statutes and tax conventions to which the United States is a party.”

.08 As previously described in section 1 of this revenue procedure, the Treasury Department and the IRS are aware that many applicable entities that had otherwise intended to timely and properly make an elective payment election on an electronically-filed Form 990-T were nevertheless unable to do so. For example, some applicable entities that did not previously have an obligation to file Form 990-T timely filed the required Form 990, *Return of Organization Exempt from Income Tax*, but failed to file a Form 990-T, which is required to make an elective payment election. Other applicable entities have been unable to engage third-party return preparers to electronically file the Form 990-T with any other relevant schedules and forms due to service limitations.

### SECTION 3. AUTOMATIC SIX-MONTH EXTENSION OF TIME GRANTED TO CERTAIN APPLICABLE ENTITIES

.01 *Scope.* An applicable entity defined in section 6417(d)(1)(A) and §1.6417-1(c) is eligible for the relief provided in section 3.02 of this revenue procedure if the applicable entity (1) had a filing obligation under sections 6011 or 6033(a); (2) did not otherwise receive an extension of time to file a return<sup>2</sup>; (3) is filing a Form 990-T to make an elective payment election for a taxable year ending on any day between, and including, December 31, 2023 through November 30, 2024, regardless of whether the applicable entity previously filed a return for that taxable year; and (4) meets all other requirements for making an elective payment election, including pre-filing registration as required by §1.6417-2(b)(2) and described in §1.6417-5.

#### .02 *Extension Relief.*

(1) An applicable entity described in section 3.01 of this revenue procedure is

granted an automatic six-month extension of time to file an original or superseding Form 990-T (with any other relevant schedules and source credit forms necessary to make an elective payment election) electronically or on paper. This relief does not require the filing of a Form 8868 for the Form 990-T. See section 5.02 of this revenue procedure if the applicable entity’s elective payment election made during the extension period is rejected and the applicable entity receives a letter (for example, a CP131, CP131A, CP132 or CP133) from the IRS. If the applicable entity’s original due date has not passed, however, the applicable entity may also choose to file Form 8868, which should prevent any erroneous rejection described in section 5 of this revenue procedure. Form 8868 may be filed on paper or electronically, but the IRS recommends electronic filing whenever possible.

(2) This automatic six-month extension of time to file an original or superseding Form 990-T means that, for example, an applicable entity with a taxable year ending on December 31, 2023, which meets the other requirements of section 3.01, may timely file a Form 990-T to make an elective payment election on or before November 15, 2024. Similarly, an applicable entity with a taxable year ending on November 30, 2024, which meets the other requirements of section 3.01, may timely file a Form 990-T to make an elective payment election on or before October 15, 2025.

### SECTION 4. ELECTIVE PAYMENT ELECTION MAY BE MADE ON A PAPER-FILED FORM 990-T

.01 *Scope.* An applicable entity defined in section 6417(d)(1)(A) and §1.6417-1(c) is eligible for the relief provided in section 4.02 of this revenue procedure if the applicable entity (1) is eligible to file a Form 990-T to make an elective payment election; (2) is filing a Form 990-T to make an elective payment election for a taxable year ending on any day between, and including,

<sup>2</sup> An applicable entity that already received an extension of time to file a Form 990-T from an original due date will continue to have that 6-month extended due date, and therefore does not need the relief provided in this section 3. Such applicable entity, however, may be eligible to paper file its Form 990-T as described in section 4 of this revenue procedure.



December 31, 2023 through November 30, 2024; and (3) meets all other requirements for making an elective payment election, including pre-filing registration as required by §1.6417-2(b)(2) and described in §1.6417-5.

.02 *Paper-Filing Relief.* An applicable entity described in section 4.01 of this revenue procedure may make an elective payment election on a paper-filed Form 990-T (along with any other relevant schedules and source credit forms necessary to make an elective payment election) if it complies with the procedures described in section 4.03 of this revenue procedure.

.03 *Procedure for paper-filing Form 990-T.* An applicable entity using the relief provided by section 4.02 of this revenue procedure must mail the paper Form 990-T (along with any other relevant schedules and forms) to Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201-0027 and notate “Paper Filed under Revenue Procedure 2024-39” at the top of the return.

#### SECTION 5. PROCEDURE FOR APPLICABLE ENTITIES THAT HAVE RECEIVED A NOTICE THAT THEIR ELECTIVE PAYMENT ELECTION IS INEFFECTIVE

.01 *Scope.* When an applicable entity files an ineffective elective payment election because the election is late, the IRS generally will issue a letter (for example, a CP131, CP131A, CP132 or CP133) to that applicable entity. If an applicable entity described in section 3.01 of this revenue procedure makes an elective payment election on a Form 990-T filed from a date after the original due date through the extended due date, and receives a letter that the elective payment election is ineffective because the return was late filed, then the applicable entity should follow the procedures in section 5.02 to ensure their elective payment election is properly processed.

.02 *Procedure for responding to a letter stating the elective payment election is ineffective.* An applicable entity that

is described in section 5.01 (meaning an applicable entity that has filed Form 990-T for an elective payment election within the extended filing period but received a notice indicating the elective payment election is ineffective due to a late filed return) can obtain assistance by calling IRS Tax Exempt and Government Entities Customer Account Services at 877-829-5500 (toll-free number) and referencing that the applicable entity is entitled to an automatic extension of time to file under Rev. Proc. 2024-39.

#### SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Waheed Olayan of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this revenue procedure contact Mr. Olayan at (202) 317-6239 (not a toll-free number).

## Rev. Proc. 2024-40

### TABLE OF CONTENTS

Code Section<sup>1</sup>

#### SECTION 1. PURPOSE

#### SECTION 2. 2025 ADJUSTED ITEMS

.01	Tax Rate Tables . . . . .	1(j)(2) (A)-(E)
.02	Unearned Income of Minor Children Subject to the “Kiddie Tax” . . . . .	1(g)
.03	Maximum Capital Gains Rate . . . . .	1(h)
.04	Adoption Credit . . . . .	23
.05	Child Tax Credit . . . . .	24
.06	Earned Income Credit . . . . .	32
.07	Refundable Credit for Coverage Under a Qualified Health Plan . . . . .	36B(f)(2)(B)
.08	Rehabilitation Expenditures Treated as Separate New Building . . . . .	42(e)
.09	Low-Income Housing Credit . . . . .	42(h)
.10	Employee Health Insurance Expense of Small Employers . . . . .	45R
.11	Exemption Amounts for Alternative Minimum Tax . . . . .	55
.12	Alternative Minimum Tax Exemption for a Child Subject to the “Kiddie Tax” . . . . .	59(j)
.13	Certain Expenses of Elementary and Secondary School Teachers . . . . .	62(a)(2)(D)
.14	Transportation Mainline Pipeline Construction Industry Optional Expense Substantiation Rules for Payments to Employees Under Accountable Plans . . . . .	62(c)
.15	Standard Deduction . . . . .	63
.16	Cafeteria Plans . . . . .	125
.17	Qualified Transportation Fringe Benefit . . . . .	132(f)
.18	Income from United States Savings Bonds for Taxpayers Who Pay Qualified Higher Education Expenses . . . . .	135
.19	Adoption Assistance Programs . . . . .	137
.20	Private Activity Bonds Volume Cap . . . . .	146(d)
.21	Loan Limits on Agricultural Bonds . . . . .	147(c)(2)
.22	General Arbitrage Rebate Rules . . . . .	148(f)
.23	Safe Harbor Rules for Broker Commissions on Guaranteed Investment Contracts or Investments Purchased for a Yield Restricted Defeasance Escrow . . . . .	148
.24	Gross Income Limitation for a Qualifying Relative . . . . .	152(d)(1)(B)
.25	Election to Expense Certain Depreciable Assets . . . . .	179
.26	Energy Efficient Commercial Buildings Deduction . . . . .	179D
.27	Qualified Business Income . . . . .	199A
.28	Eligible Long-Term Care Premiums . . . . .	213(d)(10)
.29	Medical Savings Accounts . . . . .	220
.30	Interest on Education Loans . . . . .	221
.31	Limitation on Use of Cash Method of Accounting . . . . .	448
.32	Threshold for Excess Business Loss . . . . .	461(l)
.33	Treatment of Dues Paid to Agricultural or Horticultural Organizations . . . . .	512(d)
.34	Insubstantial Benefit Limitations for Contributions Associated With Charitable Fund-Raising Campaigns . . . . .	513(h)
.35	Special Rules for Credits and Deductions . . . . .	642
.36	Tax on Insurance Companies Other than Life Insurance Companies . . . . .	831
.37	Expatriation to Avoid Tax . . . . .	877
.38	Tax Responsibilities of Expatriation . . . . .	877A
.39	Foreign Earned Income Exclusion . . . . .	911

<sup>1</sup>Unless otherwise specified, all references to “section” or “§” are to provisions of the Internal Revenue Code (Code).

.40	Debt Instruments Arising Out of Sales or Exchanges	1274A
.41	Unified Credit Against Estate Tax	.2010
.42	Valuation of Qualified Real Property in Decedent's Gross Estate	2032A
.43	Annual Exclusion for Gifts	.2503; 2523
.44	Tax on Arrow Shafts	.4161
.45	Passenger Air Transportation Excise Tax	.4261
.46	Tax on Certain Uses of Crude Oil and Petroleum Products	.4611
.47	Reporting Exception for Certain Exempt Organizations with Nondeductible Lobbying Expenditures	6033(e)(3)
.48	Notice of Large Gifts Received from Foreign Persons	.6039F
.49	Persons Against Whom a Federal Tax Lien Is Not Valid	.6323
.50	Property Exempt from Levy	6334(a)
.51	Exempt Amount of Wages, Salary, or Other Income	6334(d)
.52	Interest on a Certain Portion of the Estate Tax Payable in Installments	.6601(j)
.53	Failure to File Tax Return	.6651
.54	Failure to File Certain Information Returns, Registration Statements, etc.	.6652
.55	Other Assessable Penalties With Respect to the Preparation of Tax Returns for Other Persons	.6695
.56	Failure to File Partnership Return	.6698
.57	Failure to File S Corporation Return	.6699
.58	Failure to File Correct Information Returns	.6721
.59	Failure to Furnish Correct Payee Statements	.6722
.60	Revocation or Denial of Passport in Case of Certain Tax Delinquencies	.7345
.61	Attorney Fee Awards	.7430
.62	Periodic Payments Received Under Qualified Long-Term Care Insurance Contracts or Under Certain Life Insurance Contracts	.7702B(d)
.63	Qualified Small Employer Health Reimbursement Arrangement	.9831

**SECTION 3. EFFECTIVE DATE**

**SECTION 4. DRAFTING INFORMATION**

**SECTION 1. PURPOSE**

This revenue procedure sets forth inflation-adjusted items for 2025 for various Code provisions as in effect on October 22, 2024. The inflation adjusted items for the Code sections set forth in section 2 of

this revenue procedure are generally determined by reference to § 1(f). If amendments to the Code are enacted for 2025 after October 22, 2024, taxpayers should consult additional guidance to determine whether these adjustments remain applicable for 2025.

**SECTION 2. 2025 ADJUSTED ITEMS**

.01 *Tax Rate Tables*. For taxable years beginning in 2025, the tax rate tables under § 1 are as follows:

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$23,850	10% of the taxable income
Over \$23,850 but not over \$96,950	\$2,385 plus 12% of the excess over \$23,850
Over \$96,950 but not over \$206,700	\$11,157 plus 22% of the excess over \$96,950
Over \$206,700 but not over \$394,600	\$35,302 plus 24% of the excess over \$206,700
Over \$394,600 but not over \$501,050	\$80,398 plus 32% of the excess over \$394,600
Over \$501,050 but not over \$751,600	\$114,462 plus 35% of the excess over \$501,050
Over \$751,600	\$202,154.50 plus 37% of the excess over \$751,600

TABLE 2 - Section 1(j)(2)(B) – Heads of Households	
<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$17,000	10% of the taxable income
Over \$17,000 but not over \$64,850	\$1,700 plus 12% of the excess over \$17,000
Over \$64,850 but not over \$103,350	\$7,442 plus 22% of the excess over \$64,850
Over \$103,350 but not over \$197,300	\$15,912 plus 24% of the excess over \$103,350
Over \$197,300 but not over \$250,500	\$38,460 plus 32% of the excess over \$197,300
Over \$250,500 but not over \$626,350	\$55,484 plus 35% of the excess over \$250,500
Over \$626,350	\$187,031.50 plus 37% of the excess over \$626,350

TABLE 3 - Section 1(j)(2)(C) – Unmarried Individuals (other than Surviving Spouses and Heads of Households)	
<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$11,925	10% of the taxable income
Over \$11,925 but not over \$48,475	\$1,192.50 plus 12% of the excess over \$11,925
Over \$48,475 but not over \$103,350	\$5,578.50 plus 22% of the excess over \$48,475
Over \$103,350 but not over \$197,300	\$17,651 plus 24% of the excess over \$103,350
Over \$197,300 but not over \$250,525	\$40,199 plus 32% of the excess over \$197,300
Over \$250,525 but not over \$626,350	\$57,231 plus 35% of the excess over \$250,525
Over \$626,350	\$188,769.75 plus 37% of the excess over \$626,350

TABLE 4 - Section 1(j)(2)(D) – Married Individuals Filing Separate Returns	
<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$11,925	10% of the taxable income
Over \$11,925 but not over \$48,475	\$1,192.50 plus 12% of the excess over \$11,925
Over \$48,475 but not over \$103,350	\$ 5,578.50 plus 22% of the excess over \$48,475
Over \$103,350 but not over \$197,300	\$17,651 plus 24% of the excess over \$103,350
Over \$197,300 but not over \$250,525	\$40,199 plus 32% of the excess over \$197,300
Over \$250,525 but not over \$375,800	\$57,231 plus 35% of the excess over \$250,525
Over \$375,800	\$101,077.25 plus 37% of the excess over \$375,800



<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
Not over \$3,150	10% of the taxable income
Over \$3,150 but not over \$11,450	\$315 plus 24% of the excess over \$3,150
Over \$11,450 but not over \$15,650	\$2,307 plus 35% of the excess over \$11,450
Over \$15,650	\$3,777 plus 37% of the excess over \$15,650

.02 *Unearned Income of Minor Children Subject to the “Kiddie Tax”*. For taxable years beginning in 2025, 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 \$1,350. This \$1,350 amount is the same as the amount provided in § 63(c)(5)(A), as adjusted for inflation.

The same \$1,350 amount is used for purposes of § 1(g)(7) 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 2025 must be more than \$1,350 but less than \$13,500.

.03 *Maximum Capital Gains Rate (§ 1(h), § 1(j)(5))*. For taxable years beginning in 2025, the maximum zero rate amounts and maximum 15 percent rate amounts under § 1(j)(5)(B), as adjusted for inflation, are as follows:

<i>Filing Status</i>	<i>Maximum Zero Rate Amount</i>	<i>Maximum 15% Rate Amount</i>
Married Individuals Filing Joint Returns and Surviving Spouse	\$96,700	\$600,050
Married Individuals Filing Separate Returns	\$48,350	\$300,000
Heads of Household	\$64,750	\$566,700
All Other Individuals	\$48,350	\$533,400
Estates and Trusts	\$3,250	\$15,900

.04 *Adoption Credit*. For taxable years beginning in 2025, under § 23(a)(3) the credit allowed for an adoption of a child with special needs is \$17,280. For taxable years beginning in 2025, under § 23(b)(1) the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to \$17,280. The available adoption credit begins to phase out under § 23(b)(2)(A) for taxpayers with modified adjusted gross income in excess of \$259,190 and is completely phased out for taxpayers with modified adjusted gross income of \$299,190 or more. See section 2.19 of this revenue procedure for the adjusted items relating to adoption assistance programs.

.05 *Child Tax Credit*. For taxable years beginning in 2025, the amount used in § 24(d)(1)(A) to determine the amount of credit under § 24 that may be refundable is \$1,700.

.06 *Earned Income Credit*.

(1) *In general*. For taxable years beginning in 2025, 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)(2)(B), as adjusted for inflation for taxable years beginning in 2025. The threshold phaseout amounts and the completed phaseout amounts shown in the table below for taxpayers with all other filing statuses also apply to married taxpayers who are not filing a joint return and satisfy the special rules for separated spouses in § 32(d).

Item	Number of Qualifying Children			
	One	Two	Three or More	None
Earned Income Amount	\$12,730	\$17,880	\$17,880	\$8,490
Maximum Amount of Credit	\$4,328	\$7,152	\$8,046	\$649
Threshold Phaseout Amount (Married Filing Jointly)	\$30,470	\$30,470	\$30,470	\$17,730
Completed Phaseout Amount (Married Filing Jointly)	\$57,554	\$64,430	\$68,675	\$26,214
Threshold Phaseout Amount (All other filing statuses)	\$23,350	\$23,350	\$23,350	\$10,620
Completed Phaseout Amount (All other filing statuses)	\$50,434	\$57,310	\$61,555	\$19,104

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 2025, the

earned income tax credit is not allowed under § 32(i) if the aggregate amount of certain investment income exceeds \$11,950.

.07 *Refundable Credit for Coverage Under a Qualified Health Plan.* For taxable years beginning in 2025, 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%	\$375	\$750
At least 200% but less than 300%	\$975	\$1,950
At least 300% but less than 400%	\$1,625	\$3,250

.08 *Rehabilitation Expenditures Treated as Separate New Building.* For calendar year 2025, the per low-income unit qualified basis amount under § 42(e)(3)(A)(ii)(II) is \$8,500.

.09 *Low-Income Housing Credit.* For calendar year 2025, the amount used under § 42(h)(3)(C)(ii) to calculate the State hous-

ing credit ceiling for the low-income housing credit is the greater of (1) \$3.00 multiplied by the State population, or (2) \$3,455,000.

.10 *Employee Health Insurance Expense of Small Employers.* For taxable years beginning in 2025, the dollar amount in effect under § 45R(d)(3)(B) is \$33,300. 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 2025, the exemption amounts under § 55(d)(1) are:

Joint Returns or Surviving Spouses	\$137,000
Unmarried Individuals (other than Surviving Spouses)	\$88,100
Married Individuals Filing Separate Returns	\$68,500
Estates and Trusts	\$30,700

For taxable years beginning in 2025, under § 55(b)(1), the excess taxable

income above which the 28 percent tax rate applies is:

Married Individuals Filing Separate Returns	\$119,550
All Other Taxpayers	\$239,100

For taxable years beginning in 2025, the amounts used under § 55(d)(2) to

determine the phaseout of the exemption amounts are:

	Threshold Phaseout Amount	Complete Phaseout Amount
Joint Returns or Surviving Spouses	\$1,252,700	\$1,800,700
Unmarried Individuals (other than Surviving Spouses)	\$626,350	\$978,750
Married Individuals Filing Separate Returns	\$626,350	\$900,350
Estates and Trusts	\$102,500	\$225,300

.12 *Alternative Minimum Tax Exemption for a Child Subject to the “Kiddie Tax.”* For taxable years beginning in 2025, for a child to whom the § 1(g) “kiddie tax” applies, the exemption amount under §§ 55(d) 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) \$9,550.

.13 *Certain Expenses of Elementary and Secondary School Teachers.* For taxable years beginning in 2025, under § 62(a)(2)(D) the amount of the deduction allowed under § 162 that consists of

expenses paid or incurred by an eligible educator in connection with books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom is \$300.

.14 *Transportation Mainline Pipeline Construction Industry Optional Expense Substantiation Rules for Payments to Employees Under Accountable Plans.* For calendar year 2025, an eligible employer

may pay certain welders and heavy equipment mechanics an amount up to \$22 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, an amount up to \$14 per hour is deemed substantiated if paid under Rev. Proc. 2002-41.

.15 *Standard Deduction.*

(1) *In general.* For taxable years beginning in 2025, the standard deduction amounts under § 63(c)(2) are as follows:

<i>Filing Status</i>	<i>Standard Deduction</i>
Married Individuals Filing Joint Returns and Surviving Spouses (§ 1(j)(2)(A))	\$30,000
Heads of Households (§ 1(j)(2)(B))	\$22,500
Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(j)(2)(C))	\$15,000
Married Individuals Filing Separate Returns (§ 1(j)(2)(D))	\$15,000

(2) *Dependent.* For taxable years beginning in 2025, 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) \$1,350, or (2) the sum of \$450 and the individual’s earned income.

(3) *Aged or blind.* For taxable years beginning in 2025, the additional standard deduction amount under § 63(f) for the aged or the blind is \$1,600. The additional standard deduction amount is increased to \$2,000 if the individual is also unmarried and not a surviving spouse.

.16 *Cafeteria Plans.* For taxable years beginning in 2025, the dollar limitation under § 125(i) on voluntary employee salary reductions for contributions to health flexible spending arrangements is \$3,300. If the cafeteria plan permits the carryover of unused amounts, the maximum carryover amount is \$660.

.17 *Qualified Transportation Fringe Benefit.* For taxable years beginning in 2025, 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 \$325. The monthly limitation under § 132(f)(2)(B) regarding the fringe benefit exclusion amount for qualified parking is \$325.

.18 *Income from United States Savings Bonds for Taxpayers Who Pay Qualified*

*Higher Education Expenses.* For taxable years beginning in 2025, 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 \$149,250 for joint returns and \$99,500 for all other returns. The exclusion is completely phased out for modified adjusted gross income of \$179,250 or more for joint returns and \$114,500 or more for all other returns.

.19 *Adoption Assistance Programs.* For taxable years beginning in 2025, 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 \$17,280. For taxable years beginning in 2025, 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 adoptions by the employee is \$17,280. 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 \$259,190 and is completely phased out for taxpayers with modified adjusted gross income of \$299,190 or more. (See section 2.04 of

this revenue procedure for the adjusted items relating to the adoption credit.)

.20 *Private Activity Bonds Volume Cap.* For calendar year 2025, the amounts used under § 146(d) to calculate the State ceiling for the volume cap for private activity bonds is the greater of (1) \$130 multiplied by the State population, or (2) \$388,780,000.

.21 *Loan Limits on Agricultural Bonds.* For calendar year 2025, the loan limit amount on agricultural bonds under § 147(c)(2)(A) for first-time farmers is \$667,500.

.22 *General Arbitrage Rebate Rules.* For bond years ending in 2025, the amount of the computation credit determined under § 1.148-3(d)(4) of the Income Tax Regulations is \$2,120.

.23 *Safe Harbor Rules for Broker Commissions on Guaranteed Investment Contracts or Investments Purchased for a Yield Restricted Defeasance Escrow.* For calendar year 2025, under § 1.148-5(e)(2) (iii)(B)(1) of the Income Tax Regulations, 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) \$50,000, and (B) 0.2 percent of the computational base (as defined in § 1.148-

5(e)(2)(iii)(B)(2)) or, if more, \$5,000; and (2) for any issue, the issuer does not treat more than \$141,000 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 *Gross Income Limitation for a Qualifying Relative.* For taxable years beginning in 2025, the exemption amount referenced in § 152(d)(1)(B) is \$5,200.

.25 *Election to Expense Certain Depreciable Assets.* For taxable years beginning in 2025, under § 179(b)(1), the aggregate cost of any § 179 property that a taxpayer elects to treat as an expense cannot exceed

\$1,250,000 and under § 179(b)(5)(A), the cost of any sport utility vehicle that may be taken into account under § 179 cannot exceed \$31,300. Under § 179(b)(2), the \$1,250,000 limitation under § 179(b)(1) is reduced (but not below zero) by the amount by which the cost of § 179 property placed in service during the 2025 taxable year exceeds \$3,130,000.

.26 *Energy Efficient Commercial Buildings Deduction.* For taxable years beginning in 2025, the applicable dollar value used to determine the maximum allowance of the deduction under § 179D(b)(2) is \$0.58 increased (but not above \$1.16) by \$0.02 for each percentage point by which the total annual

energy and power costs for the buildings are certified to be reduced by a percentage greater than 25 percent. For taxable years beginning in 2025, the applicable dollar value used to determine the increased deduction amount for certain property under § 179D(b)(3) is \$2.90 increased (but not above \$5.81) by \$0.12 for each percentage point by which the total annual energy and power costs for the building are certified to be reduced by a percentage greater than 25 percent.

.27 *Qualified Business Income.* For taxable years beginning in 2025, the threshold amounts under § 199A(e)(2) and phase-in range amounts under § 199A(b)(3)(B) and § 199A(d)(3)(A) are:

<i>Filing Status</i>	<i>Threshold amount</i>	<i>Phase-in range amount</i>
Married Individuals Filing Joint Returns	\$394,600	\$494,600
Married Individuals Filing Separate Returns	\$197,300	\$247,300
All Other Returns	\$197,300	\$247,300

.28 *Eligible Long-Term Care Premiums.* For taxable years beginning in 2025,

the limitations under § 213(d)(10), regarding eligible long-term care premiums

includible in the term "medical care", as adjusted for inflation, are as follows:

<i>Attained Age Before the Close of the Taxable Year</i>	<i>Limitation on Premiums</i>
40 or less	\$480
More than 40 but not more than 50	\$900
More than 50 but not more than 60	\$1,800
More than 60 but not more than 70	\$4,810
More than 70	\$6,020

.29 *Medical Savings Accounts.*

(1) *Self-only coverage.* For taxable years beginning in 2025, 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 \$2,850 and not more than \$4,300, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed \$5,700.

(2) *Family coverage.* For taxable years beginning in 2025, the term "high deductible health plan" means, for family coverage, a health plan that has an annual deductible that is not less than \$5,700 and not more than \$8,550, and under which the annual out-of-pocket expenses

required to be paid (other than for premiums) for covered benefits do not exceed \$10,500.

.30 *Interest on Education Loans.* For taxable years beginning in 2025, the \$2,500 maximum deduction for interest paid on qualified education loans under § 221 begins to phase out under § 221(b)(2)(B), as adjusted for inflation, for taxpayers with modified adjusted gross income in excess of \$85,000 (\$170,000 for joint returns), and is completely phased out for taxpayers with modified adjusted gross income of \$100,000 or more (\$200,000 or more for joint returns).

.31 *Limitation on Use of Cash Method of Accounting.* For taxable years beginning in 2025, a corporation or partnership meets the gross receipts

test of § 448(c) for any taxable year if the average annual gross receipts of such entity for the 3-taxable-year period ending with the taxable year which precedes such taxable year does not exceed \$31,000,000.

.32 *Threshold for Excess Business Loss.* For taxable years beginning in 2025, in determining a taxpayer's excess business loss, the amount under § 461(l)(3)(A)(ii)(II) is \$313,000 (\$626,000 for joint returns).

.33 *Treatment of Dues Paid to Agricultural or Horticultural Organizations.* For taxable years beginning in 2025, 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 \$207.



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

(1) *Low cost article.* For taxable years beginning in 2025, for purposes of defining the term “unrelated trade or business” for certain exempt organizations under § 513(h)(2), “low cost articles” are articles costing \$13.60 or less.

(2) *Other insubstantial benefits.* For taxable years beginning in 2025, 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 \$13.60, \$68.00 and \$136.00, respectively.

*35 Special Rules for Credits and Deductions.* For taxable years beginning in 2025, the amount of the deduction under § 642(b)(2)(C)(i) is \$5,100.

*36 Tax on Insurance Companies Other than Life Insurance Companies.* For taxable years beginning in 2025, under § 831(b)(2)(A)(i) the amount of the limit on net written premiums or direct written premiums (whichever is greater) is \$2,850,000 to elect the alternative tax for certain small companies under § 831(b)(1) to be taxed only on taxable investment income.

*37 Expatriation to Avoid Tax.* For calendar year 2025, 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 \$206,000.

*38 Tax Responsibilities of Expatriation.* For taxable years beginning in 2025, 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 \$890,000 pursuant to § 877A(a)(3).

*39 Foreign Earned Income Exclusion.* For taxable years beginning in 2025, the foreign earned income exclusion amount under § 911(b)(2)(D)(i) is \$130,000.

*40 Debt Instruments Arising Out of Sales or Exchanges.* For calendar year

2025, a qualified debt instrument under § 1274A(b) has stated principal that does not exceed \$7,296,700, and a cash method debt instrument under § 1274A(c)(2) has stated principal that does not exceed \$5,211,900.

*41 Unified Credit Against Estate Tax.* For an estate of any decedent dying in calendar year 2025, the basic exclusion amount is \$13,990,000 for determining the amount of the unified credit against estate tax under § 2010.

*42 Valuation of Qualified Real Property in Decedent’s Gross Estate.* For an estate of a decedent dying in calendar year 2025, 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 \$1,420,000.

*43 Annual Exclusion for Gifts.*

(1) For calendar year 2025, the first \$19,000 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 2025, the first \$190,000 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.

*44 Tax on Arrow Shafts.* For calendar year 2025, 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 \$0.63 per shaft.

*45 Passenger Air Transportation Excise Tax.* For calendar year 2025, the tax under § 4261(b)(1) on the amount paid for each domestic segment of taxable air transportation is \$5.20. For calendar year 2025, 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 \$22.90. Under § 4261(c)(3), however, a lower rate of tax 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 2025, the rate of tax is \$11.40.

*46 Tax on Certain Uses of Crude Oil and Petroleum Products.* For calendar year 2025, the tax imposed under § 4611(a) on crude oil received at a United States refinery and petroleum products entered into the United States for consumption, use, or warehousing is \$0.26 cents per barrel.

*47 Reporting Exception for Certain Exempt Organizations with Nondeductible Lobbying Expenditures.* For taxable years beginning in 2025, 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 \$143.00 or less.

*48 Notice of Large Gifts Received from Foreign Persons.* For taxable years beginning in 2025, § 6039F authorizes the Secretary of the Treasury or her delegate 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 \$20,116.

*49 Persons Against Whom a Federal Tax Lien Is Not Valid.* For calendar year 2025, 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 \$1,960, 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 \$9,790.

*50 Property Exempt from Levy.* For calendar year 2025, 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 \$11,710. 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 \$5,860.

*51 Exempt Amount of Wages, Salary, or Other Income.* For taxable years beginning in 2025, the dollar amount used to calculate the amount determined under § 6334(d)(4)(B) is \$5,100.

*52 Interest on a Certain Portion of the Estate Tax Payable in Installments.* For an estate of a decedent dying in calendar year 2025, 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 \$1,900,000.

.53 *Failure to File Tax Return.* In the case of any return required to be filed in 2026, the amount of the addition to tax under § 6651(a) for failure to file an

income tax return within 60 days of the due date of such return (determined with regard to any extensions of time for filing) will not be less than the lesser of \$525 or 100 percent of the amount required to be shown as tax on such return.

.54 *Failure to File Certain Information Returns, Registration Statements, etc.* For

returns required to be filed in 2026, 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))	\$25	Lesser of \$13,000 or 5% of gross receipts of the organization for the year.
Organization with gross receipts exceeding \$1,309,500 (§ 6652(c)(1)(A))	\$130	\$65,000
Managers (§ 6652(c)(1)(B))	\$10	\$6,500
Public inspection of annual returns and reports (§ 6652(c)(1)(C))	\$25	\$13,000
Public inspection of applications for exemption and notice of status (§ 6652(c)(1)(D))	\$25	No Limit

(2) for failure to file a return required under § 6034 (relating to returns by cer-

tain trust) or § 6043(b) (relating to terminations, etc., of exempt organizations):

Scenario	Daily Penalty	Maximum Penalty
Organization or trust (§ 6652(c)(2)(A))	\$10	\$6,500
Managers (§ 6652(c)(2)(B))	\$10	\$6,500
Split-Interest Trust (§ 6652(c)(2)(C)(ii))	\$25	\$13,000
Any trust with gross income exceeding \$327,000 (§ 6652(c)(2)(C)(ii))	\$130	\$65,000

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

Scenario	Daily Penalty	Maximum Penalty
Tax-exempt entity (§ 6652(c)(3)(A))	\$130	\$65,000
Failure to comply with written demand (§ 6652(c)(3)(B)(ii))	\$130	\$13,000

.55 *Other Assessable Penalties With Respect to the Preparation of Tax Returns*

*for Other Persons.* In the case of any failure relating to a return or claim for refund

filed in 2026, the penalty amounts under § 6695 are:

Scenario	Per Return or Claim for Refund	Maximum Penalty
Failure to furnish copy to taxpayer (§ 6695(a))	\$65	\$32,500
Failure to sign return (§ 6695(b))	\$65	\$32,500
Failure to furnish identifying number (§ 6695(c))	\$65	\$32,500
Failure to retain copy or list (§ 6695(d))	\$65	\$32,500
Failure to file correct information returns (§ 6695(e))	\$65 per return and item in return	\$32,500
Negotiation of check (§ 6695(f))	\$650 per check	No limit
Failure to be diligent in determining eligibility for head of household filing status, child tax credit, American Opportunity tax credit, and earned income credit (§ 6695(g))	\$650 per failure	No limit

*.56 Failure to File Partnership Return.* In the case of any return required to be filed in 2026, the dollar amount used to determine the amount of the penalty under § 6698(b)(1) is \$255.

*.57 Failure to File S Corporation Return.* In the case of any return required

to be filed in 2026, the dollar amount used to determine the amount of the penalty under § 6699(b)(1) is \$255.

*.58 Failure to File Correct Information Returns.* In the case of any failure relating to a return required to be filed in 2026, 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:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6721(a)(1))	\$340	\$4,098,500
Corrected on or before 30 days after required filing date (§ 6721(b)(1))	\$60	\$683,000
Corrected after 30 <sup>th</sup> day but on or before August 1, 2026 (§ 6721(b)(2))	\$130	\$2,049,000

(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:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6721(d)(1)(A))	\$340	\$1,366,000
Corrected on or before 30 days after required filing date (§ 6721(d)(1)(B))	\$60	\$239,000
Corrected after 30 <sup>th</sup> day but on or before August 1, 2026 (§ 6721(d)(1)(C))	\$130	\$683,000

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

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) \$680, 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) \$680, 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) \$34,150, or (ii) amount of cash received up to \$136,500	No limit
Return required to be filed under § 6050V (§ 6721(e)(2)(D))	Greater of (i) \$680, 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

*.59 Failure to Furnish Correct Payee Statements.* In the case of any failure relating to a statement required to be furnished in 2026, 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 furnish correct payee statements:

Scenario	Penalty Per Statement	Calendar Year Maximum
General Rule (§ 6722(a)(1))	\$340	\$4,098,500
Corrected on or before 30 days after required furnishing date (§ 6722(b)(1))	\$60	\$683,000
Corrected after 30 <sup>th</sup> day but on or before August 1, 2026 (§ 6722(b)(2))	\$130	\$2,049,000

(2) for persons with average annual gross receipts for the most recent 3 taxable years of \$5,000,000 or less, for failure to furnish correct payee statements:

Scenario	Penalty Per Statement	Calendar Year Maximum
General Rule (§ 6722(d)(1)(A))	\$340	\$1,366,000
Corrected on or before 30 days after required furnishing date (§ 6722(d)(1)(B))	\$60	\$239,000
Corrected after 30 <sup>th</sup> day but on or before August 1, 2026 (§ 6722(d)(1)(C))	\$130	\$683,000

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

Scenario	Penalty Per Statement	Calendar Year Maximum
Payee 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) \$680, 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) \$680, or (ii) 5% of aggregate amount of items required to be reported correctly	No limit

.60 *Revocation or Denial of Passport in Case of Certain Tax Delinquencies.* For calendar year 2025, the amount of a serious delinquent tax debt under § 7345 is \$64,000.

.61 *Attorney Fee Awards.* For fees incurred in calendar year 2025, the attorney fee award limitation under § 7430(c)(1)(B)(iii) is \$250 per hour.

.62 *Periodic Payments Received Under Qualified Long-Term Care Insurance Contracts or Under Certain Life Insurance Contracts.* For calendar year 2025, 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 \$420.

.63 *Qualified Small Employer Health Reimbursement Arrangement.* For taxable years beginning in 2025, to qualify as a qualified small employer health reimbursement arrangement under § 9831(d), the arrangement must provide that the total amount of payments and reimburse-

ments for any year cannot exceed \$6,350 (\$12,800 for family coverage).

### SECTION 3. EFFECTIVE DATE

.01 *General Rule.* Except as provided in section 3.02 of this revenue procedure, this revenue procedure applies to taxable years beginning in 2025.

.02 *Calendar Year Rule.* This revenue procedure applies to transactions or events occurring in calendar year 2025 for purposes of sections 2.08 (rehabilitation expenditures treated as separate new building), 2.09 (low-income housing credit), 2.14 (transportation mainline pipeline construction industry optional expense substantiation rules for payments to employees under accountable plans), 2.20 (private activity bonds volume cap), 2.21 (loan limits on agricultural bonds), 2.22 (general arbitrage rebate rules), 2.23 (safe harbor rules for broker commissions on guaranteed investment contracts or investments purchased for a yield restricted defeasance escrow), 2.37 (expatriation to avoid taxes), 2.40 (debt instruments arising out of sales or exchanges), 2.41 (unified credit against

estate tax), 2.42 (valuation of qualified real property in decedent's gross estate), 2.43 (annual exclusion for gifts), 2.44 (tax on arrow shafts), 2.45 (passenger air transportation excise tax), 2.46 (tax on certain uses of crude oil and petroleum products), 2.49 (persons against whom a federal tax lien is not valid), 2.50 (property exempt from levy), 2.52 (interest on a certain portion of the estate tax payable in installments), 2.60 (revocation or denial of passport in case of certain tax delinquencies), 2.61 (attorney fee awards), and 2.62 (periodic payments received under qualified long-term care insurance contracts or under certain life insurance contracts) of this revenue procedure.

### SECTION 4. DRAFTING INFORMATION

The principal author of this revenue procedure is Kyle Walker of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure, contact Mr. Walker 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.  
FR.—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.

## Numerical Finding List<sup>1</sup>

Bulletin 2024–45

### Announcements:

2024-26, 2024-27 I.R.B. 14  
2024-27, 2024-27 I.R.B. 14  
2024-28, 2024-28 I.R.B. 39  
2024-29, 2024-29 I.R.B. 71  
2024-31, 2024-34 I.R.B. 533  
2024-32, 2024-35 I.R.B. 535  
2024-30, 2024-36 I.R.B. 581  
2024-39, 2024-39 I.R.B. 639  
2024-34, 2024-41 I.R.B. 758  
2024-35, 2024-43 I.R.B. 1013  
2024-36, 2024-44 I.R.B. 1073

### Notices:

2024-47, 2024-27 I.R.B. 1  
2024-52, 2024-27 I.R.B. 2  
2024-53, 2024-27 I.R.B. 4  
2024-54, 2024-28 I.R.B. 24  
2024-55, 2024-28 I.R.B. 31  
2024-56, 2024-29 I.R.B. 64  
2024-57, 2024-29 I.R.B. 67  
2024-58, 2024-30 I.R.B. 120  
2024-59, 2024-32 I.R.B. 348  
2024-60, 2024-34 I.R.B. 515  
2024-61, 2024-34 I.R.B. 520  
2024-62, 2024-36 I.R.B. 570  
2024-63, 2024-36 I.R.B. 573  
2024-64, 2024-39 I.R.B. 632  
2024-65, 2024-39 I.R.B. 633  
2024-66, 2024-40 I.R.B. 682  
2024-67, 2024-41 I.R.B. 726  
2024-68, 2024-41 I.R.B. 729  
2024-69, 2024-41 I.R.B. 733  
2024-70, 2024-43 I.R.B. 1001  
2024-72, 2024-43 I.R.B. 1005  
2024-73, 2024-43 I.R.B. 1007  
2024-71, 2024-44 I.R.B. 1026  
2024-75, 2024-44 I.R.B. 1026  
2024-74, 2024-45 I.R.B. 1089  
2024-76, 2024-45 I.R.B. 1089  
2024-77, 2024-45 I.R.B. 1093

### Proposed Regulations:

REG-124593-23, 2024-28 I.R.B. 40  
REG-109032-23, 2024-31 I.R.B. 332  
REG-120137-19, 2024-31 I.R.B. 336  
REG-119283-23, 2024-32 I.R.B. 351  
REG-102161-23 2024-33 I.R.B. 502  
REG-103529-23, 2024-33 I.R.B. 512  
REG-105128-23, 2024-35 I.R.B. 536  
REG-108920-24, 2024-38 I.R.B. 607  
REG-111629-23, 2024-39 I.R.B. 640

## Proposed Regulations:—Continued

REG-106851-21, 2024-40 I.R.B. 684  
REG-116787-23, 2024-40 I.R.B. 709  
REG-119683-22, 2024-40 I.R.B. 716  
REG-118269-23, 2024-41 I.R.B. 761  
REG-112129-23, 2024-42 I.R.B. 787  
REG-113628-21, 2024-44 I.R.B. 1074

### Revenue Procedures:

2024-26, 2024-27 I.R.B. 7  
2024-29, 2024-30 I.R.B. 121  
2024-30, 2024-30 I.R.B. 183  
2024-27, 2024-31 I.R.B. 300  
2024-28, 2024-31 I.R.B. 326  
2024-32, 2024-34 I.R.B. 523  
2024-34, 2024-38 I.R.B. 604  
2024-35, 2024-39 I.R.B. 638  
2024-36, 2024-41 I.R.B. 737  
2024-37, 2024-41 I.R.B. 755  
2024-38, 2024-43 I.R.B. 1010  
2024-33, 2024-44 I.R.B. 1030  
2024-39, 2024-45 I.R.B. 1097  
2024-40, 2024-45 I.R.B. 1100

### Revenue Rulings:

2024-13, 2024-28 I.R.B. 18  
2024-14, 2024-28 I.R.B. 18  
2024-15, 2024-32 I.R.B. 340  
2024-16, 2024-35 I.R.B. 534  
2024-17, 2024-36 I.R.B. 568  
2024-18, 2024-37 I.R.B. 584  
2024-20, 2024-40 I.R.B. 646  
2024-21, 2024-41 I.R.B. 724  
2024-22, 2024-43 I.R.B. 980  
2024-23, 2024-43 I.R.B. 981  
2024-24, 2024-45 I.R.B. 1086

### Treasury Decisions:

10002, 2024-29 I.R.B. 56  
9999, 2024-30 I.R.B. 72  
10000, 2024-31 I.R.B. 185  
10003, 2024-32 I.R.B. 342  
10001, 2024-33 I.R.B. 412  
10004, 2024-33 I.R.B. 489  
9998, 2024-34 I.R.B. 412  
10005, 2024-34 I.R.B. 510  
9991, 2024-40 I.R.B. 646  
10007, 2024-43 I.R.B. 981  
9994, 2024-44 I.R.B. 1014  
10008, 2024-45 I.R.B. 1082

<sup>1</sup> A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2024–27 through 2024–52 is in Internal Revenue Bulletin 2024–52, dated December 30, 2024.

## **Finding List of Current Actions on Previously Published Items<sup>1</sup>**

Bulletin 2024-45

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<sup>1</sup> A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2024-27 through 2024-52 is in Internal Revenue Bulletin 2024-52, dated December 30, 2024.

# **Internal Revenue Service**

## **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/](http://www.irs.gov/irb/).

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