

**OFFICE OF TAX POLICY  
AND  
INTERNAL REVENUE SERVICE**

**2006-2007 PRIORITY GUIDANCE PLAN**

**August 15, 2006**

**CONSOLIDATED RETURNS**

1. Regulations <sup>1</sup> under section 1502 regarding liquidations under section 332 into multiple members. Proposed regulations were published on February 22, 2004.
2. Regulations revising section 1.1502-13(g) regarding transactions involving obligations of consolidated group members.
3. Regulations under section 1502 regarding excess loss accounts. Temporary regulation section 1.1502-19T was published on January 26, 2006.
4. Regulations revising sections 1.1502-35 and 1.337(d)-2 regarding treatment of member stock.
5. Regulations regarding the tacking rule for filing life/nonlife consolidated returns. Temporary regulation section 1.1502-47T was published on April 25, 2006.
6. Regulations regarding agency for a consolidated group where the common parent is a foreign entity. Temporary regulation section 1.1502-77T was published on March 14, 2006.

**CORPORATIONS AND THEIR SHAREHOLDERS**

1. Regulations to facilitate electronic filing and reduce taxpayer burden. Temporary regulations were published on May 30, 2006.
2. Guidance regarding the recovery of basis in redemptions of corporate stock governed by section 301. A notice was published in the Federal Register on April 19, 2006.
3. Regulations enabling elections for certain transactions under section 336(e).

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<sup>1</sup> As used in this document, unless otherwise indicated, the term “regulations” refers to proposed regulations, temporary regulations or final regulations.

4. Regulations revising section 1.355-3 regarding the active trade or business requirement.
5. Regulations regarding predecessors and successors under section 355(e). Proposed regulations were published on November 22, 2004.
6. Guidance regarding the applicability of section 357(c) to acquisitive reorganizations under section 368(a)(1)(D).
7. Guidance under section 362(e) regarding the importation or duplication of losses. Notice 2005-70 was published on October 11, 2005.
8. Regulations regarding transactions involving the transfer or receipt of no net equity value. Proposed regulations were published on March 10, 2005.
9. Regulations revising section 1.368-2(k) regarding transfers of assets after putative reorganizations. Proposed regulations were published on August 18, 2004.
10. Revision of Rev. Proc. 81-70 providing guidelines for estimating stock basis in reorganizations under section 368(a)(1)(B). Comments regarding these guidelines were requested in Notice 2004-44.
11. Guidance regarding the scope of section 368(a)(1)(D).
12. Regulations under section 368(a)(1)(F). Proposed regulations were published on August 12, 2004.
13. Guidance under section 382, including regulations regarding built-in items under section 382(h)(6). Built-in items under section 382(h)(6) were previously addressed in Notice 2003-65.
14. Guidance regarding the transfer of treasury stock to a corporation controlled by the transferor. See Rev. Rul. 2006-2, revoking Rev. Rul. 74-503.
15. Revised regulations under section 1561 regarding the allocation of certain tax benefits among related corporations.

## **EMPLOYEE BENEFITS**

### **A. Retirement Benefits**

1. Final regulations on transmission of notices to participants through electronic means with respect to distributions from qualified retirement plans. Proposed regulations were published on July 14, 2005.

2. Guidance regarding the treatment of incidental health insurance benefits provided under a profit-sharing or stock bonus plan.
3. Guidance on benefits not permitted in a defined benefit plan.
4. Modification of Rev. Proc. 2005-66 to reflect special rules regarding determination letter procedures for governmental and tax-exempt employers.
5. 2006 cumulative list of guidance for determination letter program.
6. Modification of Rev. Proc. 2006-27 (EPCRS) to provide fixed fee schedule for opinion and advisory letter submissions for pre-approved plans filed after January 31, 2006 deadline. (401)
7. Guidance on notices to employees participating in a section 401(k) safe harbor plan.
8. Final regulations on designated Roth contributions under section 401(k) plans and under section 402A. Proposed regulations were published on January 26, 2006.
9. Guidance regarding prototype Roth IRAs for amendments to accept rollovers from designated Roth accounts under a section 401(k) plan.
10. Final regulations under section 403(b) regarding tax-favored annuities purchased by section 501(c)(3) organizations or public schools. Proposed regulations were published on November 16, 2004.
11. Final regulations on designated Roth contributions under section 403(b) plans. Proposed regulations were published on January 26, 2006.
12. Final regulations under section 404(k) addressing redemptions of participant stock and avoidance or evasion of taxation. Proposed regulations were published on August 25, 2005.
13. Guidance under section 408 on the treatment of wrap fees.
14. Final regulations on qualified nonbank trustees for deemed IRAs under section 408(q). Temporary regulations were published on July 22, 2004.
15. Final regulations under section 409(p) with respect to synthetic equity and additional issues relating to ESOPs. Temporary regulations were published on December 17, 2004.
16. Guidance under section 411 regarding accrual and vesting of benefits provided pursuant to qualified retirement plans.

17. Final regulations regarding the limitations on benefits and contributions under section 415. Proposed regulations were published on May 31, 2005.

18. Guidance on the elimination of Schedule P as an attachment to the Form 5500.

**B. Executive Compensation, Health Care and Other Benefits, and Employment Taxes**

1. Guidance on accountable plans and per diem payments.

2. Guidance under section 83 on post-grant restrictions.

3. Revenue ruling on taxable health benefits for beneficiaries.

4. Proposed regulations on cafeteria plans under section 125 updating regulations for statutory changes and providing additional guidance.

5. Guidance under section 132 on debit cards and qualified transportation fringes.

6. Guidance addressing the scope of section 162(m) with respect to amounts payable to covered employees.

7. Guidance on the wage limitation used in connection with section 199.

8. Guidance on Health Savings Accounts.

9. Guidance on the tax treatment of beneficiaries of nonexempt trusts described in section 402(b)(4).

10. Final Regulations under section 409A.

11. Guidance regarding the application of section 409A to split dollar life insurance.

12. Guidance regarding reporting and income tax withholding under section 409A.

13. Guidance on deductions for contributions to a welfare benefit fund.

14. Guidance under section 419A on reserves for post-retirement medical and life insurance benefits.

15. Guidance under section 457(f).

16. Guidance on the application of SECA to Conservation Reserve Program payments.

17. Final regulations under section 3121 regarding the definition of a salary reduction agreement. Temporary regulations were published on November 16, 2004.
18. Final regulations under section 3402(f) relating to Form W-4. Temporary regulations were published on March 11, 2005.
19. Guidance on how to provide electronically filed Form W-2s by deadline when employer ceases operation.

## **EXCISE TAXES**

1. Guidance related to the credits and payments allowed by sections 34, 40A, 6426, and 6427 on whether a diesel fuel produced from biomass by a process that uses heat, pressure and catalysts is renewable diesel fuel as defined in section 40A(f).
2. Guidance under sections 4051 and 4071 regarding heavy trucks, trailers, tractors and tires to update current regulations and to reflect recent statutory changes.
3. Final regulations under section 4081 regarding the entry into the United States of taxable fuel. Temporary regulations were published on July 30, 2004.
4. Proposed regulations on fuel tax provisions added or affected by the American Jobs Creation Act of 2004, the Energy Policy Act, and the Safe, Accountable, Flexible, Efficient Transportation Equity Act, including issues that are related to kerosene used in aircraft and the Leaking Underground Storage Tank Trust Fund tax. Many of these issues were discussed in Notices 2005-4 and 2005-80.
5. Proposed regulations on fuel tax provisions added or affected by the American Jobs Creation Act of 2004, the Energy Policy Act, and the Safe, Accountable, Flexible, Efficient Transportation Equity Act that are related to alcohol fuels, biodiesel, renewable diesel and alternative fuel. Many of these issues were discussed in Notices 2005-4 and 2005-62.
6. Final regulations under section 4082 regarding diesel fuel and kerosene that is dyed by mechanical injection. Temporary regulations were published on April 26, 2005.
7. Guidance under section 4251 for telephone tax claims for individuals who wish to request a safe harbor amount instead of their actual amount paid for nontaxable service. Notice 2006-50 provides that amounts paid for long distance service and bundled service are not subject to tax (nontaxable service).
8. Guidance under section 4261 regarding airline tickets that are sold to passengers through intermediaries.

**EXEMPT ORGANIZATIONS**

1. Guidance on political activities by section 501(c)(3) organizations.
2. Revenue procedure updating Rev. Proc. 90-27 on processing exemption applications.
3. Regulations under sections 501(c)(3) and 4958 on revocation standards. Proposed regulations were published on September 9, 2005.
4. Guidance on advance and definitive rulings for organizations treated as described in sections 509(a)(2) or 509(a)(1) and 170(b)(1)(A)(vi).
5. Guidance under section 509(a)(3) regarding supporting organizations.
6. Guidance under section 527(l) with respect to the authority to waive taxes and amounts imposed on political organizations for failures to comply with notice and reporting requirements.
7. Regulations under section 529 regarding qualified tuition programs.
8. Guidance on section 516 of the Tax Increase Prevention and Reconciliation Act of 2005 regarding the involvement of accommodation parties in tax shelter transactions.

**FINANCIAL INSTITUTIONS AND PRODUCTS**

1. Guidance for RICs and REITs concerning the application of section 1(h) to capital gain dividends.
2. Guidance on the treatment of fees incurred in credit card transactions.
3. Final regulations under section 263(g) on the capitalization of interest and carrying charges properly allocable to straddles. Proposed regulations were published on January 18, 2001.
4. Final regulations on notional principal contracts (NPC) relating to the inclusion in income or deduction of a contingent nonperiodic payment and guidance relating to the character of payments made pursuant to an NPC. Proposed regulations were published on February 26, 2004.
5. Guidance addressing the accrual of interest on nonperforming loans.
6. Final regulations addressing valuation of certain securities and commodities under section 475. Proposed regulations were published on May 24, 2005.

7. Final regulations under section 475(e) and (f) for commodities dealers and securities or commodities traders regarding the election to use the mark-to-market method of accounting. Proposed regulations were published on January 28, 1999.
8. Proposed regulations simplifying the reporting to shareholders of regulated investment companies with respect to the flow through of the foreign tax credit.
9. Guidance on the treatment of foreign currency gains for purposes of the income and asset tests for real estate investment trusts.
10. Final regulations under section 860G(b) regarding withholding obligations of partnerships allocating income from REMIC residual interests to foreign persons. Proposed regulations were published on August 1, 2006.
11. Final regulations under section 1221 regarding capital asset exclusion for accounts and notes receivable. Proposed regulations were published on August 7, 2006.
12. Guidance under section 1286(f), as added by the American Jobs Creation Act of 2004, regarding treatment of stripped interests in bond and preferred stock funds.
13. Proposed regulations under section 7872(c)(1)(E) regarding significant effect loans and section 7872(g) regarding loans to qualified continuing care facilities.

## **GENERAL TAX ISSUES**

1. Final regulations under section 21 regarding the credit for household and dependent care expenses. Proposed regulations were published on May 24, 2006.
2. Guidance under section 30B clarifying Notice 2006-9 regarding the advanced lean burn and hybrid motor vehicle credit.
3. Guidance under section 30C regarding the alternative fuel vehicle refueling property credit.
4. Proposed regulations under section 41 regarding the exception from the definition of "qualified research" for internal use software under section 41(d)(4)(E).
5. Final regulations under section 41 regarding the computation of the research credit in a controlled group, and allocation of the group credit among members of the group. Proposed regulations were published on May 24, 2005.
6. Guidance under section 41 regarding whether the gross receipts component of the research credit computation for a controlled group under section 41(f) includes gross receipts from transactions between group members.

7. Guidance under section 42 regarding applicable utility allowances.
8. Update of Rev. Proc. 95-28 regarding relief from certain low income housing credit requirements under section 42 for low-income housing projects affected by major disasters.
9. Proposed regulations under section 42(h) regarding the requirements for a qualified contract.
10. Guidance under section 45 regarding the credit for electricity produced from certain renewable resources with respect to biomass.
11. Guidance under section 45D regarding how an entity meets the requirements to be a qualified active low-income community business for purposes of the new markets tax credit when its activities involve targeted populations.
12. Guidance under section 45G regarding the credit for maintenance of railroad track.
13. Guidance under section 45H regarding the certification requirement for complying with EPA regulations.
14. Regulations under sections 46 and 167 relating to normalization.
15. Additional guidance under sections 48A and 48B regarding the qualifying advanced coal and qualifying gasification projects credits. Guidance under these provisions was published as Notice 2006-24 and Notice 2006-25.
16. Notice regarding the tax treatment and information reporting of market gain on repayments of Commodity Credit Corporation loans.
17. Notice relating to payments made to tobacco producers in termination of tobacco marketing quotas and related price supports under the American Jobs Creation Act of 2004.
18. Guidance under section 118 regarding whether amounts received by telecommunications carriers from federal universal service programs constitute nonshareholder contributions to capital.
19. Regulations under section 302 of the Katrina Emergency Tax Relief Act of 2005 regarding the \$500 reduction in taxable income of a taxpayer who provides housing for an individual displaced by Hurricane Katrina.
20. Proposed regulations under section 152, as amended by the Working Families Tax Relief Act of 2004, regarding the release of a claim for exemption for a child of divorced or separated parents.

21. Regulations under section 167 regarding the income forecast method.
22. Final regulations under section 168 relating to like-kind exchanges. Proposed regulations were published on March 1, 2004.
23. Final regulations under section 168 regarding changes in classification of property. Proposed regulations were published on January 2, 2004.
24. Final regulations under sections 168 and 1400L regarding the special depreciation allowance. Proposed regulations were published on September 8, 2003.
25. Guidance under section 170(f)(11) regarding noncash charitable contributions.
26. Proposed regulations under section 170(f)(12), as added by the American Jobs Creation Act of 2004, and related provisions, regarding contributions of qualified vehicles. Interim guidance was issued as Notice 2005-44.
27. Guidance under section 174 regarding the treatment of inventory property.
28. Temporary regulations under section 179B regarding the deduction for capital costs incurred by a refiner in complying with EPA regulations.
29. Guidance under section 181 regarding the election to treat the cost of qualified film and television productions as an expense.
30. Guidance under section 199, as amended by the Tax Increase Prevention and Reconciliation Act of 2005, regarding the deduction for income attributable to domestic production activities.
31. Final regulations regarding the application of section 199 to computer software. Proposed regulations were published on June 1, 2006.
32. Revenue procedure on the use of statistical sampling for purposes of section 199.
33. Proposed regulations under section 274(e), as amended by the American Jobs Creation Act of 2004, regarding the disallowance of entertainment expenses. Interim guidance was issued as Notice 2005-45.
34. Guidance regarding which party is subject to the meal expenses deduction limitation under section 274(n) in employee leasing and other third-party arrangements.
35. Revised regulations under section 468A, as amended by the Energy Policy Act of 2005, regarding special rules for nuclear decommissioning costs.

36. Guidance under section 1033(e), as amended by the American Jobs Creation Act of 2004, regarding an extension of the replacement period for livestock sold on account of drought, flood, or other weather-related conditions.
37. Revenue ruling under section 1241 on the cancellation of lease or distributor agreements.
38. Regulations under section 1301(a), as amended by the American Jobs Creation Act of 2004, regarding income averaging for fishermen.
39. Final regulations under section 7701 regarding disregarded entities and employment and excise taxes. Proposed regulations were published on October 18, 2005.
40. Guidance on corporations chartered under Indian tribal law.

### **GIFTS, ESTATES AND TRUSTS**

1. Guidance under section 67 regarding miscellaneous itemized deductions of a trust or estate.
2. Final regulations pursuant to Notice 2006-30 under section 671 regarding the reporting requirements for widely-held fixed investment trusts. Final and temporary regulations were published on August 3, 2006.
3. Guidance regarding the consequences under various estate, gift, and generation-skipping transfer tax provisions of using a family-owned company as the trustee of a trust.
4. Proposed regulations under sections 2036 and 2039 regarding the amount of a split-interest trust that is includible in a grantor's estate in certain circumstances in which the grantor retains an annuity or other payment for life.
5. Guidance under section 2053 regarding the extent to which post-death events may be considered in determining the value of a taxable estate.
6. Revenue procedures under sections 2055 and 2522 containing sample charitable lead trust provisions.
7. Final regulations under section 2642 regarding the definition of, and procedures for making, a qualified severance of a trust. Proposed regulations were published on August 24, 2004.
8. Guidance under section 2704 regarding restrictions on the liquidation of an interest in a corporation or partnership.

## **INSURANCE COMPANIES AND PRODUCTS**

1. Guidance on the taxation of certain annuity contracts under section 72.
2. Guidance on the qualification of certain arrangements as insurance.
3. Guidance on the taxation of variable contracts as described in section 817(d).
4. Final regulations under section 7702 regarding the attained age of the insured for purposes of testing the qualification of a contract as a life insurance contract. Proposed regulations were published on May 24, 2005.

## **INTERNATIONAL ISSUES**

### **A. Subpart F/Deferral**

1. Guidance regarding subpart F issues, including guidance related to the American Jobs Creation Act of 2004 and the Tax Increase Prevention and Reconciliation Act of 2005, and regulations under section 959 on previously taxed earnings and profits. Notice 2006-48 regarding active aircraft or vessel leasing rents under section 954(c)(2)(A) was published on May 22, 2006. Temporary regulations under section 954(i) regarding active conduct of insurance businesses through partnerships were published on January 1, 2006.
2. Final regulations on gain recognition election and PFIC/CFC overlap rule and other guidance under section 1297. Final, temporary, and proposed regulations on the gain recognition election and PFIC/CFC overlap regulations were published on December 8, 2005.

### **B. Inbound Transactions**

1. Guidance on lending activities under section 864 and other guidance under section 864.
2. Regulations on portfolio interest received by partnerships.
3. Guidance under sections 897, 1445, and 1446. Final, temporary, and proposed regulations under section 1446 were published on May 18, 2005. Notice 2006-46 on the tax treatment of certain restructuring transactions under section 897 was published on June 12, 2006.
4. Guidance on securities lending, the treatment of certain financial products, and other withholding tax guidance.

5. Guidance on the tax treatment of cross-licensing arrangements. Notice 2006-34 soliciting comments on the tax treatment of cross-licensing arrangements was published on April 3, 2006.

### **C. Outbound Transactions**

1. Regulations and other guidance relating to the carryover of tax attributes in certain international reorganizations. Final regulations under section 367 were published on August 8, 2006.
2. Guidance on mergers involving foreign corporations. Notice 2005-74 regarding asset reorganizations and gain recognition agreements was published on October 7, 2005.
3. Final regulations under sections 367 and 1248. Proposed regulations under sections 367 and 1248 regarding the attribution of earnings and profits to stock following certain nonrecognition transactions were published on June 2, 2006.
4. Regulations under section 367(d) and other guidance on international restructurings, including guidance to reflect changes made by the American Jobs Creation Act of 2004. Temporary regulations under section 367(d) were published on May 16, 1986.
5. Guidance under section 7874, as added by the American Jobs Creation Act of 2004, regarding the treatment of expatriated entities and their foreign parents. Temporary regulations regarding the determination of ownership under section 7874 were published on December 28, 2005, and temporary regulations regarding the substantial business activities test were published on June 6, 2006.

### **D. Foreign Tax Credits**

1. Regulations and other guidance under section 901 on the payment of foreign taxes, including the allocation of foreign taxes in circumstances involving foreign consolidated regimes and hybrid entities. Proposed regulations relating to the determination of who is considered to pay a foreign tax for purposes of sections 901 and 903 were published on August 4, 2006.
2. Guidance under the American Jobs Creation Act of 2004 on recharacterization of overall domestic losses under section 904(g), and related guidance on overall foreign loss recapture provisions under section 904(f).
3. Guidance on other foreign tax credit provisions of the American Jobs Creation Act of 2004, including the reduction in the number of separate categories under section 904(d), and the credit disallowance rule under section 901(l), and related issues under section 901(k). A notice soliciting comments under section 901(l) was published on December 19, 2005.

4. Guidance on foreign tax redeterminations under section 905(c).
5. Final regulations related to look-through treatment for 10/50 company dividends and other foreign tax credit guidance. Temporary regulations on look-through treatment for 10/50 company dividends were published on April 25, 2006.

#### **E. Transfer Pricing**

1. Regulations and other guidance on the treatment of cross-border services. Proposed regulations under section 482 were published on September 10, 2003, and temporary and final regulation were published on August 4, 2006. Announcement 2006-50 providing proposed guidance under section 482 listing controlled services subject to compensation at costs will be published on August 21, 2006.
2. Regulations on cost sharing and other guidance under section 482. Proposed regulations were issued on August 22, 2005.
3. Regulations and other guidance on global dealing. Proposed regulations under section 482 were published on March 6, 1998.
4. Annual Report on the Advance Pricing Agreement Program.

#### **F. Sourcing and Expense Allocation**

1. Guidance on expense apportionment, including on issues relating to partnership structures.
2. Guidance on mixed source of income, including rents and royalties, and space, ocean, and communications income.
3. Regulations and other guidance on interest expense allocable to effectively connected income. Notice 2005-53 regarding section 1.882-5 was published on August 8, 2005.

#### **G. Treaties**

1. Guidance under section 1(h)(11) on the definition of qualified foreign corporation.
2. Modification of Rev. Rul. 2003-109 to update the extent of the North American area under section 274(h)(6) for purposes of deductibility of convention expenses.
3. Guidance on the treatment of dual consolidated losses and mirror legislation.
4. Guidance under treaties, including on the zero percent reduced withholding rate on certain dividends and publication of certain Competent Authority Agreements.

5. Update of Rev. Proc. 2002-52 providing U.S. Competent Authority procedures.

#### **H. Other**

1. Guidance related to shipping and aircraft transportation. Notice 2006-43 regarding section 1.883-3 was published on May 22, 2006.
2. Guidance on the exemption of certain investment income of foreign governments under section 892. Temporary regulations under section 892 were published on June 24, 1988. Regulations finalizing section 1.892-5 were published on July 31, 2002.
3. Guidance under section 911, including guidance under the Tax Increase Prevention and Reconciliation Act of 2005.
4. Guidance on the source and effectively connected income, and other aspects involving possessions. Temporary regulations, including regulations under section 937, were published on April 11, 2005. Final regulations under section 937 providing residency rules were published on January 31, 2006.
5. Other guidance on possession issues.
6. Regulations and other guidance concerning the treatment of currency gain or loss. Proposed regulations under section 987 were published on September 25, 1991, and Notice 2000-20 was subsequently published. Notice 2005-27 regarding the dollar approximate separate transaction method under section 985 was published on March 28, 2005, and proposed regulations under section 985 were published on July 12, 2006.
7. Regulations and other guidance under section 1503(d). Proposed regulations were published on May 24, 2005. Notice 2006-13 regarding section 1503(d) relief for failure to file was published on February 21, 2006.
8. Guidance on cross-border information reporting and filing issues, including regulations relating to the reporting of bank deposit interest. Proposed regulations under section 6049 were published on January 17, 2001.

#### **PARTNERSHIPS**

1. Regulations under sections 704 and 737 regarding partnership mergers. Interim guidance was issued as Notice 2005-15.
2. Final regulations under section 704(b) regarding the allocation of foreign tax credits. Temporary regulations were published on April 21, 2004.

3. Final regulations under section 704(b)(2) regarding whether partnership allocations have substantial economic effect. Proposed regulations were published on November 18, 2005.
4. Guidance under section 706(d) regarding the determination of distributive share when a partner's interest changes.
5. Final regulations under section 707 regarding disguised sales. Proposed regulations were published on November 26, 2004.
6. Guidance under section 707(c) regarding guaranteed payments.
7. Final regulations under sections 721 and 83 for partnership equity issued in connection with the performance of services. Proposed regulations were published on May 24, 2005. A notice of a proposed revenue procedure was issued as Notice 2005-43 on that same date.
8. Final regulations under section 721 for the tax treatment of noncompensatory options and convertible instruments issued by a partnership. Proposed regulations were published on January 22, 2003.
9. Proposed regulations under section 751 regarding unrealized receivables and inventory items of a partnership.
10. Final regulations under section 752 where a general partner is a disregarded entity. Proposed regulations were published on August 12, 2004.
11. Final regulations regarding the application of section 1045 to certain partnership transactions. Proposed regulations were published on July 15, 2004.
12. Guidance under sections 704, 743, and 755, as amended by the American Jobs Creation Act of 2004, regarding the disallowance of certain partnership loss transfers, and no reduction of basis in stock held by a partnership in a corporate partner. Interim guidance was issued as Notice 2005-32.

## **SUBCHAPTER S**

1. Proposed regulations under section 1361 providing guidance for S corporation banks.
2. Guidance under section 1361 to reflect provisions of the American Jobs Creation Act of 2004, including the family shareholders provision, and to update obsolete references.
3. Guidance under section 1367 regarding adjustments in basis of indebtedness.

**TAX ACCOUNTING**

1. Proposed regulations under sections 162 and 263 regarding the deduction and capitalization of expenditures for tangible assets.
2. Guidance under section 174 regarding changes in method of accounting from an impermissible method.
3. Regulations under sections 195, 248 and 709, as amended by the American Jobs Creation Act of 2004, regarding the elections to amortize start-up and organizational expenditures.
4. Proposed regulations under section 263(a) regarding the treatment of capitalized transaction costs.
5. Revenue ruling regarding the deduction and capitalization of costs incurred by utilities to maintain assets used to generate power.
6. Final regulations under section 263A regarding the definition of property self-produced on a routine and repetitive basis under the simplified service cost method provided by section 1.263A-1(h) and the simplified production method provided by section 1.263A-2(b). Temporary regulations were published on August 3, 2005.
7. Guidance under section 263A regarding whether “negative” additional section 263A costs are taken into account under section 1.263A-1(d)(4).
8. Regulations under sections 381(c)(4) and (5) regarding changes in method of accounting.
9. Revenue procedures updating guidance regarding changes in accounting periods.
10. Revenue procedure under section 446 regarding changes in method of accounting for rotatable spare parts.
11. Update of Rev. Proc. 2002-9 regarding automatic changes in methods of accounting.
12. Final regulations under section 448 regarding nonaccrual of certain amounts by service providers. Temporary regulations will sunset in September 2006.
13. Revenue ruling regarding the application of section 461 to an executory contract.
14. Guidance under section 460 on contracts that qualify for the rules for home construction contracts.

15. Revenue ruling under section 461 regarding the proper year for the deduction of payroll taxes on deferred compensation by accrual method taxpayers.
16. Guidance under section 468B regarding the tax treatment of a single-claimant qualified settlement fund.
17. Regulations under section 468B regarding escrow accounts and other funds used in like-kind exchanges. Proposed regulations were published on February 7, 2006.
18. Guidance under section 470, as added by the American Jobs Creation Act of 2004, regarding the limitation on deductions allowable to property held by partnerships and other pass-thru entities having as a partner or other owner a tax-exempt entity within the meaning of section 168(h)(2).
19. Guidance on the tax treatment of vendor allowances.
20. Guidance regarding the permissibility of a moving average cost method for valuing inventory.
21. Guidance under section 1.472-8 regarding the inventory price index computation (IPIC) method.

## **TAX ADMINISTRATION**

1. Guidance under section 1398 and section 1115 of the Bankruptcy Code, as added by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, regarding the income tax and employment tax treatment of post-bankruptcy wages and self-employment income earned by an individual.
2. Revenue procedure under section 3402 regarding the withholding rules applicable to poker tournaments.
3. Guidance regarding information reporting and backup withholding requirements for payment card transactions made through a Qualified Payment Card Agent.
4. Final regulations under section 6011 regarding business electronic filing. Temporary regulations were published on December 19, 2004.
5. Revenue procedure regarding the suspension or termination of enjoined providers from the e-File Program.
6. Guidance under sections 6011, 6111, and 6112 regarding the application of the American Jobs Creation Act of 2004 to tax shelters.
7. Regulations regarding information reporting for lump sum timber sales.

8. Guidance under section 6050P regarding the information reporting requirements relating to the purchase of debt that has been written off as uncollectible. Final regulations were published on October 25, 2004.
9. Notice under section 6050S addressing frequently asked questions regarding information reporting requirements for qualified tuition and related expenses. Final regulations were published on December 19, 2002.
10. Guidance under section 6103 regarding the electronic delivery of tax return transcripts.
11. Final regulations under section 6103 regarding disclosures to subcontractors. Proposed regulations were published on January 12, 2005.
12. Regulations under section 6104 regarding the disclosure of certain administrative actions that are required to be made available to the public.
13. Revenue procedure regarding procedures for requesting statistical studies under section 6108(b).
14. Proposed regulations under section 6159 regarding user fees for installment agreements.
15. Proposed regulations under section 6159, as amended by the American Jobs Creation Act of 2004, regarding installment agreements.
16. Proposed regulations under section 6302 regarding payments under the Electronic Federal Tax Payment System.
17. Announcement under section 6306, as added by the American Jobs Creation Act of 2004, regarding the use of private collection agencies.
18. Withdrawal of section 301.6323(b)-1(j) regarding superpriority for passback loans.
19. Final regulations under sections 6320 and 6330 regarding collection due process. Proposed regulations were published on September 16, 2005.
20. Regulations implementing the substitution of value procedures under section 6325.
21. Guidance regarding the limitations on setoff.
22. Revenue ruling regarding setoff with respect to a taxpayer in bankruptcy.
23. Final regulations under section 6502 regarding the extension of the statute of limitations on collection. Proposed regulations were published on March 4, 2005.

24. Notice under section 6654 regarding waiver of estimated tax penalties in response to the Tax Increase Prevention and Reconciliation Act of 2005.
25. Final regulations under section 6655 regarding estimated tax payments by corporations. Proposed regulations were published on December 12, 2005 and a correction was published on December 15, 2005.
26. Regulations under sections 6662A, 6662 and 6664 regarding accuracy-related penalties relating to understatements. Interim guidance implementing changes made by the American Jobs Creation Act of 2004 was issued as Notice 2005-12.
27. Final regulations under section 6664 amending the definition of qualified amended return.
28. Update of Rev. Proc. 94-69 regarding qualified amended returns filed by CIC taxpayers. Final and temporary regulations under section 6664 were published on March 2, 2005, and amended on June 23, 2005.
29. Revenue procedure regarding the procedures taxpayers must follow to request a rescission of a penalty under sections 6707 and 6707A.
30. Regulations under section 6708 regarding the penalty for failure to make a list of advisees available as required by section 6112. Interim guidance implementing changes made by the American Jobs Creation Act of 2004 was issued as Notice 2004-80.
31. Update of Rev. Proc. 2005-12 regarding the prefiling agreement program.
32. Regulations under section 7122, as amended by the Tax Increase Prevention and Reconciliation Act of 2005, regarding the partial payment requirement for offers in compromise.
33. Revenue procedure under section 7123 regarding arbitration procedures for Appeals.
34. Announcement regarding fast track settlement procedures for SBSE taxpayers.
35. Guidance necessary to facilitate electronic tax administration. Proposed regulations were published on December 7, 2005. Notice 2005-93 providing additional proposed guidance was published on December 19, 2005.
36. Proposed regulations under section 7425(c) regarding where to send notices of nonjudicial sale and wrongful levy claims.

37. Proposed regulations under section 7430 regarding attorney fees to reflect miscellaneous changes made by the Tax Reform Act of 1997 and the Internal Revenue Service Restructuring and Reform Act of 1998.
38. Proposed regulations under section 7477 regarding declaratory judgments relating to gift tax valuations.
39. Revenue ruling under section 7508 regarding the effect of disaster and combat zone relief on priority and dischargeability of tax obligations in bankruptcy.
40. Amendments to the section 7508A regulations regarding the postponement of certain deadlines by reason of a Presidentially declared disaster or terroristic or military actions.
41. Proposed regulations under section 7811 regarding taxpayer assistance orders.
42. Revisions to Circular 230 regarding practice before the IRS. Proposed regulations regarding various general practice (nonshelter) matters were published on February 8, 2006. Final regulations regarding matters relating to tax shelters, including standards for covered opinions and other written advice, were published on December 20, 2004.
43. Notice regarding the procedures for the imposition of a monetary penalty under Circular 230, as authorized by the American Jobs Creation Act of 2004.
44. Guidance regarding frivolous arguments used by taxpayers in an attempt to avoid or evade tax.
45. Guidance regarding user fees for annual enrollment examinations.

#### **TAX EXEMPT BONDS**

1. Update of Rev. Proc. 99-35 regarding the procedures for issuers to request an administrative appeal to the Office of Appeals of a proposed adverse determination.
2. Guidance on private business use issues under section 141 stemming from federal financing of research and application of the Bayh-Dole Act.
3. Proposed regulations under section 141 regarding allocation and accounting provisions.
4. Final regulations under section 142 regarding solid waste disposal facilities. Proposed regulations were published on May 10, 2004
5. Guidance on arbitrage.

6. Final regulations under section 1397E regarding qualified zone academy bonds. Proposed regulations were published on March 26, 2004.
7. Regulations on clean renewable energy bonds. Interim guidance was issued as Notices 2005-98 and 2006-7.

**APPENDIX - Regularly Scheduled Publications**

## JULY 2006

1. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
2. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in July 2006.
3. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.
4. Revenue ruling providing the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period July through September 2006.

## AUGUST 2006

1. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
2. Revenue procedure providing the amounts of unused housing credit carryover allocated to qualified states under section 42(h)(3)(D) for the calendar year.
3. Notice providing the inflation adjustment factor to be used in determining the enhanced oil recovery credit under section 43 for tax years beginning in the calendar year.
4. Notice providing the applicable percentage to be used in determining percentage depletion for marginal properties under section 613A for the calendar year.
5. Revenue ruling setting forth the terminal charge and the standard industry fare level (SIFL) cents-per-mile rates for the second half of 2006 for use in valuing personal flights on employer-provided aircraft.
6. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in August 2006.
7. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.

8. Revenue ruling providing a final determination under section 809 of the differential earnings rate for 2005 for use by mutual life insurance companies to compute their income tax liabilities for 2005.

#### SEPTEMBER 2006

1. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
2. Revenue ruling under section 6621 regarding the applicable interest rates for overpayments and underpayments of tax for the period October through December 2006.
3. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in September 2006.
4. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.
5. Revenue procedure under section 62 regarding the deduction and deemed substantiation of federal standard mileage amounts.
6. Revenue procedure under section 62 regarding the deduction and deemed substantiation of federal travel per diem amounts.
7. Update of Notice 2002-62 to add approved applicants for designated private delivery service status under section 7502(f). Will be published only if any new applicants are approved.

#### OCTOBER 2006

1. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
2. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in October 2006.
3. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.
4. Revenue procedure under section 1 and other sections of the Code regarding the inflation adjusted items for 2007.

5. Revenue procedure providing the loss payment patterns and discount factors for the 2005 accident year to be used for computing unpaid losses under section 846.
6. Revenue procedure providing the salvage discount factors for the 2006 accident year to be used for computing discounted estimated salvage recoverable under section 832.
7. Update of Rev. Proc. 2004-13 listing the tax deadlines that may be extended by the Commissioner under section 7508A in the event of a Presidentially-declared disaster or terrorist attack.
8. Guidance regarding the effect of the Patriots' Day holiday on the deadline for filing documents and making payments with the Andover Submission Processing Center that would normally be due by April 15, 2007.
9. Revenue ruling providing the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period October through December 2006.

#### NOVEMBER 2006

1. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
2. Revenue ruling providing the "base period T-Bill rate" as required by section 995(f)(4).
3. Revenue ruling setting forth covered compensation tables for the 2007 calendar year for determining contributions to defined benefit plans and permitted disparity.
4. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in November 2006.
5. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.
6. Update of Rev. Proc. 2003-77 regarding adequate disclosure for purposes of the section 6662 substantial understatement penalty and the section 6694 preparer penalty.
7. News release setting forth cost-of living adjustments effective January 1, 2007, applicable to the dollar limits on benefits under qualified defined benefit pension plans and other provisions affecting certain plans of deferred compensation.

## DECEMBER 2006

1. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
2. Revenue ruling under section 6621 regarding the applicable interest rates for overpayments and underpayments of tax for the period January through March 2007.
3. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in December 2006.
4. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.
5. Revenue procedure setting forth, pursuant to section 1397E, the maximum face amount of Qualified Zone Academy Bonds that may be issued for each state during 2007.
6. Federal Register notice on Railroad Retirement Tier 2 tax rate.

## JANUARY 2007

1. Revenue procedure updating the procedures for issuing private letter rulings, determination letters, and information letters on specific issues under the jurisdiction of the Chief Counsel.
2. Revenue procedure updating the procedures for furnishing technical advice, including technical expedited advice, to certain IRS offices, in the areas under the jurisdiction of the Chief Counsel.
3. Revenue procedure updating the previously published list of “no-rule” issues under the jurisdiction of certain Associates Chief Counsel other than the Associate Chief Counsel (International) on which advance letter rulings or determination letters will not be issued.
4. Revenue procedure updating the previously published list of “no-rule” issues under the jurisdiction of the Associate Chief Counsel (International) on which advance letter rulings or determination letters will not be issued.
5. Revenue procedure updating procedures for furnishing letter rulings, general information letters, etc. in employee plans and exempt organization matters relating to sections of the Code under the jurisdiction of the Office of the Commissioner, Tax Exempt and Government Entities Division.

6. Revenue procedure updating procedures for furnishing technical advice in employee plans and exempt organization matters under the jurisdiction of the Commissioner, Tax Exempt and Government Entities Division.
7. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
8. Revenue ruling setting forth the prevailing state assumed interest rates provided for the determination of reserves under section 807 for contracts issued in 2006 and 2007.
9. Revenue ruling providing the dollar amounts, increased by the 2006 inflation adjustment, for section 1274A.
10. Revenue ruling setting forth the amount that section 7872 permits a taxpayer to lend to a qualified continuing care facility without incurring imputed interest, adjusted for inflation.
11. Revenue procedure providing procedures for limitations on depreciation deductions for owners of passenger automobiles first placed in service during the calendar year and amounts to be included in income by lessees of passenger automobiles first leased during the calendar year.
12. Revenue procedure updating procedures for issuing determination letters on the qualified status of employee plans under sections 401(a), 403(a), 409, and 4975.
13. Revenue procedure updating the user fee program as it pertains to requests for letter rulings, determination letters, etc. in employee plans and exempt organizations matters under the jurisdiction of the Office of the Commissioner, Tax Exempt and Government Entities Division.
14. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in January 2007.
15. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.
16. Revenue procedure under section 143 regarding average area purchase price.
17. Revenue procedure providing the maximum allowable value for use of the fleet-average value and vehicle-cents-per-mile rules to value employer-provided automobiles first made available to employees for personal use in the calendar year.

18. Revenue ruling providing the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period January through March 2007.

#### FEBRUARY 2007

1. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
2. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.
3. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in February 2007.
4. Notice providing the 2007 calendar year resident population estimates used in determining the state housing credit ceiling under section 42(h) and the private activity bond volume cap under section 146.

#### MARCH 2007

1. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
2. Revenue ruling under section 6621 regarding the applicable interest rates for overpayments and underpayments of tax for the period April through June 2007.
3. Revenue ruling setting forth the terminal charge and the standard industry fare level (SIFL) cents-per-mile rates for the first half of 2007 for use in valuing personal flights on employer-provided aircraft.
4. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in March 2007.
5. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.
6. Notice providing a tentative determination under section 809 of the recomputed differential earnings rate for 2005 for use by mutual life insurance companies to compute their income tax liabilities for 2006.

## APRIL 2007

1. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
2. Notice providing the inflation adjustment factor, nonconventional fuel source credit, and reference price for the calendar year that determines the availability of the credit for producing fuel from a nonconventional source under section 29.
3. Revenue procedure providing a current list of countries and the dates those countries are subject to the section 911(d)(4) waiver and guidance to individuals who fail to meet the eligibility requirements of section 911(d)(1) because of adverse conditions in a foreign country.
4. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in April 2007.
5. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.
6. Revenue ruling providing the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period April through June 2007.
7. Notice providing the calendar year inflation adjustment factor and reference prices for the renewable electricity production credit under section 45.

## MAY 2007

1. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
2. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in May 2007.
3. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.
4. Revenue procedure providing guidance for use of the national and area median gross income figures by issuers of qualified mortgage bonds and mortgage credit certificates in determining the housing cost/income ratio under section 143.

## JUNE 2007

1. Revenue ruling setting forth tables of the adjusted applicable federal rates for the current month for purposes of sections 42, 382, 1274, 1288 and 7520.
2. Revenue ruling under section 6621 regarding the applicable interest rates for overpayments and underpayments of tax for the period July through September 2007.
3. Notice setting forth the weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability and to determine the required contribution for plan years beginning in June 2006.
4. Revenue ruling under section 472 providing the Bureau of Labor Statistics price indexes that department stores may use in valuing inventories.
5. Revenue procedure providing the domestic asset/liability percentages and the domestic investment yield percentages for taxable years beginning after December 31, 2005, for foreign companies conducting insurance business in the U.S.
6. Revenue ruling providing the average annual effective interest rates charged by each Farm Credit Bank District.