

Part 1

Section 809.-- Reduction in Certain Deductions of Mutual Life Insurance Companies

26 CFR 1.809-9: Computation of the differential earnings rate and the recomputed differential earnings rate.

Rev. Rul. 2003-4

This revenue ruling contains the differential earnings rate for 2001 and the recomputed differential earnings rate for 2000. Under § 809 of the Internal Revenue Code, mutual life insurance companies use this rate in computing their federal income tax liability for tax years beginning in 2001. Notice 2002-19, 2002-10 I.R.B. 619, provided that the tentative differential earnings rate (DER) for 2001 and recomputed differential earnings rate (RDER) for 2000 are zero. Subsequently, the Job Creation and Worker Assistance Act of 2002, Pub. L. No. 107-147, § 611, amended section 809 of the Code by adding new paragraph (j). As amended, section 809(j) provides that the DER shall be treated as zero for purposes of computing both the differential earnings amount and the recomputed differential earnings amount for a mutual life insurance company's taxable year beginning in 2001, 2002, or 2003. See Notice 2002-33, 2002-21 I.R.B. 989. Accordingly, for purposes of § 809, the differential earnings rate for 2001 and the recomputed differential earnings rate for 2000 are as follows:

Differential Earnings Rate for 2001.....	0
Recomputed Differential Earnings Rate for 2000.....	0

DRAFTING INFORMATION

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