

INTERNAL REVENUE BULLETIN



HIGHLIGHTS OF THIS ISSUE

Bulletin No. 2018-44
October 29, 2018

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. 2018-51, page 721.

Pub. 1167, General Rules and Specifications for Substitute Forms and Schedules, provides guidelines and general requirements for the development, printing, and approval of substitute tax forms.

Employee Plans

Notice 2018-82, page 718.

This notice sets forth updates on the corporate bond monthly yield curve, the corresponding spot segment rates for October 2018 used under § 417(e)(3)(D), the 24-month average segment rates applicable for October 2018, and the 30-year Treasury rates, as reflected by the application of § 430(h)(2)(C)(iv).

Income Tax

REG-104872-18, page 762.

These proposed regulations propose to remove section 1.451-5 of the Income Tax Regulations (26 CFR part 1), and its cross-references, relating to the treatment of advance payments for goods and long-term contracts under section 451 of the Internal Revenue Code. The regulations would affect accrual method taxpayers who receive advance payments for goods, including those for inventorable goods.

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 III. Administrative, Procedural, and Miscellaneous

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

Notice 2018–82

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 single-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.¹ However, an election may be made under § 430(h)(2)(D)(ii) to use the monthly yield curve in place of the segment rates.

Notice 2007–81, 2007–44 I.R.B. 899, provides guidelines for determining the monthly corporate bond yield curve, and 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 Notice 2007–81, the monthly corporate bond yield curve derived from September 2018 data is in Table 2018–9 at the end of

this notice. The spot first, second, and third segment rates for the month of September 2018 are, respectively, 3.21, 4.26, and 4.55.

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 percentages of the corresponding 25-year average segment rates. For plan years beginning before 2021, the applicable minimum percentage is 90% and the applicable maximum percentage is 110%. The 25-year average segment rates for plan years beginning in 2017, 2018, and 2019 were published in Notice 2016–54, 2016–40 I.R.B. 429, Notice 2017–50, 2017–41 I.R.B. 280, and Notice 2018–73, 2018–40 I.R.B. 526, respectively.

24-MONTH AVERAGE CORPORATE BOND SEGMENT RATES

The three 24-month average corporate bond segment rates applicable for October 2018 without adjustment for the 25-year average segment rate limits are as follows:

Applicable Month	24-Month Average Segment Rates Without 25-Year Average Adjustment		
	First Segment	Second Segment	Third Segment
October 2018	2.35	3.85	4.47

Based on § 430(h)(2)(C)(iv), the 24-month averages applicable for October

2018, adjusted to be within the applicable minimum and maximum percentages of

the corresponding 25-year average segment rates, are as follows:

For Plan Years Beginning In	Applicable Month	Adjusted 24-Month Average Segment Rates		
		First Segment	Second Segment	Third Segment
2017	October 2018	4.16	5.72	6.48
2018	October 2018	3.92	5.52	6.29
2019	October 2018	3.74	5.35	6.11

30-YEAR TREASURY SECURITIES INTEREST RATES

Section 431 specifies the minimum funding requirements that apply to multiemployer plans pursuant to § 412. Section 431(c)(6)(B) specifies a minimum amount for the full-funding limitation de-

scribed 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 2018 is 3.15 percent. The Service determined this rate as the average of the

¹Pursuant to § 433(h)(3)(A), the 3rd 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)).

daily determinations of yield on the 30-year Treasury bond maturing in August 2048. For plan years beginning in October

2018, 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:

Treasury Weighted Average Rates		
For Plan Years Beginning In	30-Year Treasury Weighted Average	Permissible Range 90% to 105%
October 2018	2.88	2.59 to 3.02

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. Notice 2007–81 provides guidelines for determining the minimum present value segment rates. Pursuant to that notice, the minimum present value segment rates determined for September 2018 are as follows:

Minimum Present Value Segment Rates			
Month	First Segment	Second Segment	Third Segment
September 2018	3.21	4.26	4.55

DRAFTING INFORMATION

The principal author of this notice is Tom Morgan of the Office of the Associ-

ate Chief Counsel (Tax Exempt and Government Entities). 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 Paul Stern at 202-317-8702 (not toll-free numbers).

Table 2018–9
Monthly Yield Curve for September 2018
Derived from September 2018 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	2.61	20.5	4.53	40.5	4.55	60.5	4.57	80.5	4.57
1.0	2.83	21.0	4.53	41.0	4.55	61.0	4.57	81.0	4.57
1.5	3.02	21.5	4.53	41.5	4.55	61.5	4.57	81.5	4.57
2.0	3.17	22.0	4.53	42.0	4.56	62.0	4.57	82.0	4.57
2.5	3.27	22.5	4.53	42.5	4.56	62.5	4.57	82.5	4.57
3.0	3.33	23.0	4.53	43.0	4.56	63.0	4.57	83.0	4.58
3.5	3.38	23.5	4.53	43.5	4.56	63.5	4.57	83.5	4.58
4.0	3.43	24.0	4.53	44.0	4.56	64.0	4.57	84.0	4.58
4.5	3.48	24.5	4.53	44.5	4.56	64.5	4.57	84.5	4.58
5.0	3.53	25.0	4.53	45.0	4.56	65.0	4.57	85.0	4.58
5.5	3.59	25.5	4.53	45.5	4.56	65.5	4.57	85.5	4.58
6.0	3.66	26.0	4.53	46.0	4.56	66.0	4.57	86.0	4.58
6.5	3.73	26.5	4.53	46.5	4.56	66.5	4.57	86.5	4.58
7.0	3.80	27.0	4.53	47.0	4.56	67.0	4.57	87.0	4.58
7.5	3.87	27.5	4.53	47.5	4.56	67.5	4.57	87.5	4.58
8.0	3.94	28.0	4.54	48.0	4.56	68.0	4.57	88.0	4.58
8.5	4.00	28.5	4.54	48.5	4.56	68.5	4.57	88.5	4.58
9.0	4.07	29.0	4.54	49.0	4.56	69.0	4.57	89.0	4.58
9.5	4.13	29.5	4.54	49.5	4.56	69.5	4.57	89.5	4.58
10.0	4.18	30.0	4.54	50.0	4.56	70.0	4.57	90.0	4.58
10.5	4.23	30.5	4.54	50.5	4.56	70.5	4.57	90.5	4.58
11.0	4.28	31.0	4.54	51.0	4.56	71.0	4.57	91.0	4.58
11.5	4.32	31.5	4.54	51.5	4.56	71.5	4.57	91.5	4.58
12.0	4.35	32.0	4.54	52.0	4.56	72.0	4.57	92.0	4.58
12.5	4.38	32.5	4.54	52.5	4.56	72.5	4.57	92.5	4.58
13.0	4.41	33.0	4.54	53.0	4.56	73.0	4.57	93.0	4.58
13.5	4.43	33.5	4.54	53.5	4.56	73.5	4.57	93.5	4.58
14.0	4.45	34.0	4.55	54.0	4.56	74.0	4.57	94.0	4.58
14.5	4.47	34.5	4.55	54.5	4.56	74.5	4.57	94.5	4.58
15.0	4.48	35.0	4.55	55.0	4.56	75.0	4.57	95.0	4.58
15.5	4.49	35.5	4.55	55.5	4.56	75.5	4.57	95.5	4.58
16.0	4.50	36.0	4.55	56.0	4.57	76.0	4.57	96.0	4.58
16.5	4.51	36.5	4.55	56.5	4.57	76.5	4.57	96.5	4.58
17.0	4.51	37.0	4.55	57.0	4.57	77.0	4.57	97.0	4.58
17.5	4.52	37.5	4.55	57.5	4.57	77.5	4.57	97.5	4.58
18.0	4.52	38.0	4.55	58.0	4.57	78.0	4.57	98.0	4.58
18.5	4.52	38.5	4.55	58.5	4.57	78.5	4.57	98.5	4.58
19.0	4.53	39.0	4.55	59.0	4.57	79.0	4.57	99.0	4.58
19.5	4.53	39.5	4.55	59.5	4.57	79.5	4.57	99.5	4.58
20.0	4.53	40.0	4.55	60.0	4.57	80.0	4.57	100.0	4.58

NOTE. This revenue procedure will be reproduced as the next revision of IRS Publication 1167, General Rules and Specifications for Substitute Forms and Schedules.

Rev. Proc. 2018-51

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Part 1
Introduction to Substitute Forms

Section 1.1 – Overview of Revenue Procedure 2018-51

1.1.1
Purpose

The purpose of this revenue procedure is to provide guidelines and general requirements for the development, printing, and approval of the 2018 substitute tax forms. Approval will be based on these guidelines. After review and approval, submitted forms will be accepted as substitutes for official IRS forms.

1.1.2 Unique Forms

Certain unique specialized forms require the use of other additional publications to supplement this publication. See *Part 4*.

1.1.3 Scope

The IRS accepts quality substitute tax forms that are consistent with the official forms and have no adverse impact on processing. The IRS Substitute Forms Program (the Program) administers the formal acceptance and processing of these forms nationwide. While this program deals with paper documents, it also reviews for approval other processing and filing forms used in electronic filing.

Only those substitute forms that comply fully with these requirements are acceptable. This revenue procedure is updated as required to reflect pertinent tax year form changes and to meet processing and/or legislative requirements.

1.1.4 Forms Covered by This Revenue Procedure

The following types of forms are covered by this revenue procedure.

- IRS tax forms and their related schedules,
 - Worksheets as they appear in instruction packages,
 - Applications for permission to file returns electronically and forms used as required documentation for electronically filed returns,
 - Powers of Attorney,
 - Over-the-counter estimated tax payment vouchers, and
 - Forms and schedules relating to partnerships, exempt organizations, and employee plans.
-

1.1.5 Forms Not Covered by This Revenue Procedure

The following types of forms are not covered by this revenue procedure.

- W-2 and W-3 (see Pub. 1141 for information on these forms).
- W-2c and W-3c (see Pub. 1223 for information on these forms).
- 941, Schedule B (Form 941), Schedule D (Form 941), Schedule R (Form 941), and 8974 (see Pub. 4436 for information on these forms).
- 1096, 1097-BTC, 1098 series, 1099 series, 3921, 3922, 5498 series, W-2G, 1042-S (see Pub. 1179 for information on these forms).
- 1095-A, 1094-B, 1095-B, 1094-C, and 1095-C (see Pub. 5223 for information on these forms).
- 8027 (see Pub. 1239 for information on this form).

- Forms 1040–ES (OCR) and 1041–ES (OCR), which may not be reproduced.
- Forms 5500 (for more information on these forms, see the Department of Labor website at www.efast.dol.gov).
- Forms 5300, 5307, 8717, and 8905, bar-coded forms requiring separate approval.
- Forms used internally by the IRS.
- State tax forms.
- Forms developed outside the IRS.

1.1.6 Other Information Not Covered by This Revenue Procedure

The following information is not covered by this revenue procedure.

- Requests for information or documentation initiated by the IRS.
- General Instructions and Specific Instructions (these are not reviewed by the Program).

Section 1.2 – IRS Contacts

1.2.1 Where To Send Substitute Forms

Send your substitute forms for **approval** to the following offices (do not send forms with taxpayer data).

Form	Office and Address
5500	Check EFAST2 information at the Department of Labor website at www.efast.dol.gov
5300, 5307, 8717, and 8905 Software developer vouchers (see <i>Sections 2.3.7–2.3.9</i>)	Sandra.K.Barnes@irs.gov Internal Revenue Service Attn: Doris Bethea 5000 Ellin Road, C5–226 Lanham, MD 20706 Doris.E.Bethea@irs.gov scrips@irs.gov
ACA Forms 1094–B, 1095–B, 1094–C, and 1095–C (for more informa- tion, see Pub. 5223), and Schedule K-1 forms must be emailed for scanability testing	
Schedule K-1 2-D bar-coded forms	For mailing addresses for sending Schedule K-1 2-D bar-coded forms for testing, see <i>Section 7.1.6</i>
All others covered by this publication (see <i>Section</i> <i>1.1.4</i> , earlier)	Internal Revenue Service Attention: Substitute Forms Program SE:W:CAR:MP:P:TP 1111 Constitution Ave., NW, Room 6554 Washington, DC 20224 substituteforms@irs.gov

For questions about:

- Forms W-2 and W-3, refer to Pub. 1141, General Rules and Specifications for Substitute Forms W-2 and W-3.
- Forms W-2c and W-3c, refer to Pub. 1223, General Rules and Specifications for Substitute Forms W-2c and W-3c.
- Form 941 and Schedules B, D, and R, as well as Form 8974 refer to Pub. 4436, General Rules and Specifications for Substitute Form 941, Schedule B (Form 941), Schedule D (Form 941), and Schedule R (Form 941).
- Forms 1096, 1097-BTC, 1098, 1099, 3921, 3922, 5498, W-2G, and 1042-S, refer to Pub. 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns.
- For Forms 1095-A, 1094-B, 1095-B, 1094-C, and 1095-C, refer to Pub. 5223, General Rules & Specifications for Affordable Care Act Substitute Forms 1095-A, 1094-B, 1095-B, 1094-C, and 1095-C.
- Form 8027, refer to Pub. 1239, Specifications for Filing Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips, Electronically.

Section 1.3 – What's New

1.3.1 What's New

The following changes have been made to this year's revenue procedure.

- **.01 Editorial Changes.** We made editorial changes throughout and redundancies were eliminated as much as possible.

Section 1.4 – Definitions

1.4.1 Substitute Form

A tax form (or related schedule) that differs in any way from the official version and is intended to replace the form that is printed and distributed by the IRS. This term also covers those approved substitute forms exhibited in this revenue procedure.

1.4.2 Printed/ Preprinted Form

A form produced using conventional printing processes or a printed form which has been reproduced by photocopying or a similar process.

1.4.3 Preprinted Pin- Fed Form

A printed form that has marginal perforations for use with automated and high-speed printing equipment.

1.4.4 Computer- Prepared Substitute Form

A preprinted form in which the taxpayer's tax entry information has been inserted by a computer, computer printer, or other computer-type equipment.

**1.4.5
Computer-
Generated
Substitute Tax
Return or Form**

A tax return or form that is entirely designed and printed using a computer printer on plain white paper. This return or form must conform to the physical layout of the corresponding IRS form, although the typeface may differ. The text should match the text on the officially printed form as closely as possible. Condensed text and abbreviations will be considered on a case-by-case basis.

Exception. All jurats (perjury statements) must be reproduced verbatim.

**1.4.6
Manually
Prepared Form**

A preprinted reproduced form in which the taxpayer's tax entry information is entered by an individual using a pen, pencil, typewriter, or other non-automated equipment.

**1.4.7
Graphics**

Parts of a printed tax form that are not tax amount entries or required text. Examples of graphics are line numbers, captions, shadings, special indicators, borders, rules, and strokes created by typesetting, photographics, photocomposition, etc.

**1.4.8
Acceptable
Reproduced Form**

A legible photocopy or an exact replica of an original form.

**1.4.9
Supporting
Statement
(Supplemental Schedule)**

A document providing detailed information to support a line entry on an official or approved substitute form and filed with (attached to) a tax return.

Note. A supporting statement is not a tax form and does not take the place of an official form.

**1.4.10
Specific Form
Terms**

The following specific terms are used throughout this revenue procedure in reference to all substitute forms: format, sequence, line reference, item caption, and data entry field.

**1.4.11
Format**

The overall physical arrangement and general layout of a substitute form.

**1.4.12
Sequence**

Sequence is an integral part of the total format requirement. The substitute form should show the same numeric and logical placement order of data as shown on the official form.

**1.4.13
Line Reference**

The line numbers, letters, or alphanumerics used to identify each captioned line on an official form. These line references are printed to the immediate left of each caption and/or data entry field.

**1.4.14
Item Caption**

The text on each line of a form, which identifies the data required.

**1.4.15
Data Entry Field**

Designated areas for the entry of data such as dollar amounts, quantities, responses, and checkboxes.

**1.4.16
Advance Draft**

A draft version of a new or revised form may be posted to the IRS website (*IRS.gov/DraftForms*) for information purposes. Substitute forms may be submitted based on these advance drafts, but any submitter that receives forms approval based on these early drafts is responsible for monitoring and revising forms to mirror any revisions in the final forms provided by the IRS.

1.4.17 Approval

Generally, approval could be in writing or assumed after 20-business days from our receipt for forms that have not been substantially changed by the IRS. This does not apply to newly created or substantially revised IRS forms. However, the Program reserves the right to notify vendors of any inaccuracies even after 20-business days have lapsed.

1.4.18 National Association of Computerized Tax Processors (NACTP)

The National Association of Computerized Tax Processors (NACTP) is a nonprofit association that represents tax processing software and hardware developers, electronic filing processors, tax form publishers, tax processing service bureaus, and payroll processors. The association promotes standards in tax processing to advance efficient and effective tax filing. For more information, see <http://nactp.org>.

Section 1.5 – Agreement

1.5.1 Important Stipulation of This Revenue Procedure

Any person or company who uses substitute forms and makes all or part of the changes specified in this revenue procedure agrees to the following stipulations.

- The IRS presumes that any required changes are made in accordance with these procedures and will not be disruptive to the processing of the tax return.
 - Should any of the changes be disruptive to the IRS's processing of the tax return, the person or company agrees to accept the determination of the IRS as to whether the form may continue to be filed.
 - The person or company agrees to work with the IRS in correcting noted deficiencies. Notification of deficiencies may be made by any combination of letter, email, or phone contact and may include the request for the resubmission of unacceptable forms.
-

1.5.2 Response Policy and Stipulations

The Program will email confirmation of receipt of your forms submission, if possible. Even if you do not receive emailed confirmation of receipt, you will receive an emailed "submission receipt," which will provide feedback on your submission. If the Program anticipates problems in completing the review of your submission within the 20-business day period, the Program will send an interim email notifying you of the extended period for review.

Once the substitute forms have been approved by the Program, you can release them after the final versions of the forms have been issued by the IRS. Before releasing the forms, you are responsible for updating forms approved as draft and for making form changes we requested.

The policy has the following stipulations.

- This 20-business day policy applies to electronic submissions only. It does not apply to substitute submissions mailed to the Program.
- The policy applies to submissions of 15 (optimal) or fewer items and submissions containing 75 pages or less. Submissions of more than 15 items may require additional review time.
- If you send a large number of submissions within a short period of time, processing may be delayed.

- Delays in processing could occur if the Program finds significant errors in your submission or has experienced an increase in submissions. The Program will send you an interim email in this case.
- Any anticipated problems in processing your submission within the 20-business day period will generate an interim email on or about the 15th business day.
- If any significant inaccuracies are discovered after the 20-business day period, the Program reserves the right to inform you and will require that changes be made to correct the inaccuracies.
- The policy does not apply to substantially revised forms or to new forms created by the IRS for which you have already made an initial submission.

Part 2

General Guidelines for Submissions and Approvals

Section 2.1 – General Specifications for Approval

2.1.1 Overview

If you produce any substitute tax forms that fully comply or follow the changes specifically outlined by the Program, then you can generate your own substitute forms without further approval. Also, if your substitutes have received approval in the past, and there are no substantial formatting or text changes for the tax year, then changes can be made without additional approval. If your changes are more extensive, you must get IRS approval before using substitute forms. More extensive changes include different font style, decreasing or increasing the font size of caption titles, adjusting or omitting format/layout elements, changing page orientation, repositioning line items, tables, and legends.

2.1.2 Email Submissions

The Program accepts submissions of substitute forms for review and approval via email. The email address is *substituteforms@irs.gov*. Please include the term “PDF Submissions” on the subject line.

Follow these guidelines.

- Email submission should include all the forms you wish to submit in one PDF file. Do not email or attach each form individually.
- The emailed submission should include a maximum of 3 PDFs to include: a checksheet, a cover letter or accompanying statement, and a single PDF that includes all of the forms listed on your checksheet, cover letter, or accompanying statement.
- A submission should contain a maximum of 15 forms.
- An approval checksheet listing the forms you are submitting should always be included in the PDF file along with the forms. Excluding the checksheet can slow the reviewing process down, which can result in a delayed response to your submission. See a sample checksheet in *Exhibit C*.
- Optimize PDF files before submitting.

- The maximum allowable email attachment is 2.5 megabytes.
- The Program accepts zip files.
- To alleviate delays during the peak time of September through December, submit advance draft forms as early as possible.

If the guidelines are not followed, you may need to resubmit.

Emailing PDF submissions will not expedite review and approval. Submitting your substitute forms package via email is the preferred and suggested method for submitting forms for review. If, for some reason, you are not able to email your submission(s), you can mail your submission(s) to:

Internal Revenue Service
Attention: Substitute Forms Program
SE:W:CAR:MP:P:TP
1111 Constitution Ave., NW, Room 6554
Washington, DC 20224

2.1.3 Expediting the Process

Follow these basic guidelines for expediting the process.

- Always include a checksheet for the Program's response.
- Include an accompanying statement identifying most, if not all, of the deviations your substitute forms may include which the official IRS version of the form does not.
- Follow the guidance in this publication for general substitute form guidelines. Follow the guidance in specialized publications produced by the Program for other specific forms.
- To spread out the workload, send in draft versions of substitute forms when they are posted. **Note.** Be sure to make any changes to approved drafts before releasing final versions.

2.1.4 Schedules

Schedules are considered to be an integral part of a complete tax return. A schedule may be included as part of a form or printed separately.

2.1.5 Examples of Schedules That Must Be Submitted With the Return

Form 706, United States Estate (and Generation-Skipping Transfer) Tax Return, is an example of this situation. Its Schedules A through U have pages numbered as part of the basic return. For Form 706 to be considered for approval, the entire form, including Schedules A through U, as well as Schedule PC, must be submitted.

2.1.6 Examples of Schedules That Can Be Submitted Separately

Schedules C, D, and E for Form 1040 are examples of schedules that can be submitted separately. Although printed by the IRS as a supplement to Form 1040, none of these schedules are required to be filed with Form 1040. These schedules may be separated from Form 1040 and submitted as substitute forms.

2.1.7 Use and Distribution of Unapproved Forms

The IRS is continuing a program to identify and contact tax return preparers, forms developers, and software publishers who use or distribute unapproved forms that do not conform to this revenue procedure. The use of unapproved forms hinders the processing of the returns.

Section 2.2 – Highlights of Permitted Changes and Requirements

2.2.1
Methods of
Reproducing
Internal Revenue
Service Forms

There are methods of reproducing IRS printed tax forms suitable for use as substitutes without prior approval.

- You can photocopy most tax forms and use them instead of the official ones. The entire substitute form, including entries, must be legible.
- You can reproduce any current tax form as cut sheets, snap sets, and marginally punched, pin-fed forms as long as you use an official IRS version as the master copy.
- You can reproduce a form that requires a signature as a valid substitute form. Many tax forms (including returns) have a taxpayer signature requirement as part of the form layout. The jurat/ perjury statement/ signature line areas must be retained and worded exactly as on the official form. The requirement for a signature, by itself, does not prohibit a tax form from being properly computer generated.

Section 2.3 – Vouchers

2.3.1
Overview

All payment vouchers (Forms 940–V, 941–V, 943–V, 945–V, 1040–ES, 1040–V, 1041–V, and 2290–V) must be reproduced in conjunction with their forms. Substitute vouchers must be the same size as the officially printed vouchers. Vouchers that are prepared for printing on a laser printer may include a scan line.

2.3.2
Scan Line
Specifications

	NNNNNNNNN	AA	XXXX	NN	N	NNNNNN	NNN
Item:	A	B	C	D	E	F	G
A	Social Security Number/Employer Identification Number (SSN/EIN) has 9 numeric (N) spaces						
B	Check Digits have 2 alpha (A) spaces						
C	Name Control has 4 alphanumeric (X) spaces						
D	Master File Tax (MFT) Code has 2 numeric (N) spaces (see below)						
E	Taxpayer Identification Number (TIN) Type has 1 numeric (N) space (see below)						
F	Tax Period has 6 numeric (N) spaces in year/month format (YYYYMM)						
G	Transaction Code has 3 numeric (N) spaces						

2.3.3
MFT Code

Code Number for Forms:

- 1040 (family) – 30,
- 940 – 10,
- 941 – 01,

- 943 – 11,
 - 944 – 14,
 - 945 – 16,
 - 1041–V – 05,
 - 2290 – 60, and
 - 4868 – 30.
-

2.3.4 TIN Type

Type Number for:

- Form 1040 (family), 4868 – 0, and
 - Forms 940, 941, 943, 944, 945, 1041–V, and 2290 – 2.
-

2.3.5 Voucher Size

The voucher size must be exactly 8.0" x 3.25" (Forms 1040–ES and 1041–ES must be 7.625" x 3.0"). The document scan line must be vertically positioned 0.25 inches from the bottom of the scan line to the bottom of the voucher. The last character on the right of the scan line must be placed 3.5 inches from the right leading edge of the document. The minimum required horizontal clear space between characters is .014 inches. The line to be scanned must have a clear band 0.25 inches in height from top to bottom of the scan line, and from border to border of the document. "Clear band" means no printing except for dropout ink.

2.3.6 Print and Paper Weight

Vouchers must be imaged in black ink using OCR A, OCR B, or Courier 10. These fonts may not be mixed in the scan line. The horizontal character pitch is 10 CPI. The preferred paper weight is 20 to 24 pound OCR bond.

2.3.7 Specifications for Software Developers

Certain vouchers may be reproduced for use in the IRS lockbox system. These include the 1040–V, 1040–ES, 1041–V, the 940 family, and 2290 vouchers. Software developers must follow these specific guidelines to produce scannable vouchers strictly for lockbox purposes. Also see *Exhibit B*.

- The total depth must be 3.25 inches.
- The scan line must be .5 inches from the bottom edge and 1.75 inches from the left edge of the voucher and left justified.
- Software developers vouchers must be 8.5 inches wide (instead of 8 inches with a cut line). Therefore, no vertical cut line is required.
- Scan line positioning must be exact.

- Do not use the over-the-counter format voucher and add the scan line to it.
- All scanned data must be in 12-point OCR A font.
- The 4-digit NACTP ID code or IRS source code should be placed under the payment indicator arrow.
- Windowed envelopes must not display the scan line in order to avoid disclosure and privacy issues.

Note. All software developers must ensure that their software uses OCR A font so taxpayers will be able to print the vouchers in the correct font.

2.3.8 Specific Line Positions

Follow these line specifications for entering taxpayer data in the lockbox vouchers.

	Start Row	Start Column	Width	End Column
Line Specifications for Taxpayer Data:				
Taxpayer Name	56	6	36	41
Taxpayer Address, Apt	57	6	36	41
Taxpayer City, State, ZIP	58	6	36	41
Foreign Country Name	59	6	36	41
Foreign Province/Country	60	6	17	22
Foreign Postal Code	60	26	16	41
Line Specifications for Mail To Data:				
Mail Name	56	43	38	80
Mail Address	57	43	38	80
Mail City, State, ZIP	58	43	38	80
Line Specifications for:				
Scan Line	63	26	n/a	n/a

2.3.9 How To Get Approval

To receive approval, please send in 25 voucher samples yearly for each form type or scenarios, by December 13, 2018, for testing to the following address.

Internal Revenue Service
Attn: Doris Bethea, C5-226
5000 Ellin Road
Lanham, MD 20706

For further information, contact Doris Bethea, Doris.E.Bethea@irs.gov, at 240-613-5922 (not toll-free), or Jason Lane, Jason.L.Lane@irs.gov, at 559-452-3242 (not toll-free).

Section 2.4 – Restrictions on Changes

2.4.1 What You Cannot Do to Forms Suitable for Substitute Tax Forms

You cannot, without prior IRS approval, change any IRS tax form or use your own (non-approved) versions including graphics, unless specifically permitted by this revenue procedure. See *Sections 2.5.7 to 2.5.11*.

You cannot adjust any of the graphics on Form 1040 (except in those areas specified in *Part 5* of this revenue procedure) without prior approval from the Program.

You cannot rearrange or redistribute data entry fields, and/or allow data entry fields to flow from one page onto the next (i.e., each page of a substitute form must contain the exact number of data entry fields as there are on the official IRS form). The order of information on the substitute form must be identical to the IRS version of the form. Publications for specific substitute forms will state allowances for those respective forms.

Note. The 20-business day turnaround policy may not apply to extensive changes.

Section 2.5 – Guidelines for Obtaining IRS Approval

2.5.1 Basic Requirements

Preparers who submit substitute privately designed, privately printed, computer-generated, or computer-prepared tax forms must develop these substitutes using the guidelines established in this part. These forms, unless there is an exception outlined by the revenue procedure, must be approved by the IRS before being filed.

2.5.2 Conditional Approval Based on Advanced Drafts

The IRS cannot grant final approval of your substitute form until the official form has been published. However, the IRS posts advance draft forms on its website at: *IRS.gov/DraftForms*.

We encourage submission of proposed substitutes of these advance draft forms and will grant conditional approval based solely on these early drafts. These advance drafts are subject to significant change before forms are finalized. If these advance drafts are used as the basis for your substitute forms, you will be responsible for subsequently updating your final forms to agree with the final official version. These revisions need not be resubmitted for further approval.

Note. Approval of forms based on advance drafts will not be granted after the final version of an official form is published.

2.5.3 Submission Procedures

Follow these general guidelines when submitting substitute forms for approval.

- Any alteration of forms must be within the limits acceptable to the IRS. It is possible that, from one filing period to another, a change in law or a change in internal need (processing, audit, compliance, etc.) may change the allowable limits for the alteration of the official form.
- When approval of any substitute form (other than those exceptions specified in *Part 1, Section 1.2 – IRS Contacts*) is requested, a sample of the proposed substitute form should be emailed for consideration to the Program at the address shown in *Section 1.2.1*.

- Schedules and forms (for example, Forms 3468, 4136, etc.) that can be used with more than one type of return (for example, 1040, 1041, 1120, etc.) should be submitted only once for approval, without regard to the number of different tax returns with which they may be associated. Also, all pages of multi-page forms or returns should be submitted in the same package.
-

2.5.4 Approving Offices

Because only the Program is authorized to approve substitute forms, unnecessary delays may occur if forms are sent to the wrong office. You may receive an interim letter about the delay. The Program may then coordinate the response with the originator responsible for revising that particular form. Such coordination may include allowing the originator to officially approve the form. No IRS office is authorized to allow deviations from this revenue procedure.

2.5.5 IRS Review of Software Programs, etc.

The IRS does not review or approve the logic of specific software programs, nor does the IRS confirm the calculations on the forms produced by these programs. The accuracy of the program remains the responsibility of the software package developer, distributor, or user.

The Program is primarily concerned with the pre-filing quality review of the final forms that are expected to be processed by IRS field offices. For this purpose, you should submit forms without including any taxpayer information such as names, addresses, monetary amounts, etc.

If the software used is programmed to produce copies with populated fields, then you must use dummy information. This will allow the Program to review and provide feedback or approval. Vendors should use “0” for all number values and “X” for any information that requires alpha characters.

2.5.6 When To Send Proposed Substitutes

Proposed substitutes, which are required to be submitted per this revenue procedure, should be sent as much in advance of the filing period as possible. This is to allow adequate time for analysis and response.

2.5.7 Accompanying Statement

When submitting sample substitutes, you should include an accompanying statement that lists each form number and its changes from the official form (position, arrangement, appearance, line numbers, additions, deletions, etc.). With each of the items you should include a detailed reason for the change.

When requesting approval, please include a checksheet. Checksheets expedite the approval process. The checksheet may look like the example in *Exhibit C* displayed in the back of this procedure or may be one of your own design. Please include your email address on the checksheet.

2.5.8 Approval/Non- Approval Notice

The Program will email the checksheet or an approval letter to the originator, unless:

- The requester has asked for a formal letter, or
- Significant corrections to the submitted forms are required.

Notice of approval may impose qualifications before using the substitutes. Notices of unapproved forms may specify the changes required for approval and require resubmission of the form(s) in question. When appropriate, you will be contacted by telephone.

2.5.9 Duration of Approval

Most signature tax returns and many of their schedules and related forms have the tax (liability) year printed in the upper right corner. Approvals for these annual forms are usually good for one calendar year (January through December of the year of filing). Quarterly tax forms in the 94X series and Form 720 require approval for any quarter in which the form has been revised.

Because changes are usually made to an annual form every year, each new filing season generally requires a new submission of a substitute form. Very rarely is updating the preprinted year the only change made to an annual form. However, if no significant content, formatting, or layout changes were made to a tax form, then review and approval received for the prior tax year can be carried over into the current tax year.

2.5.10 Limited Continued Use of an Approved Change

Limited changes approved for one tax year may be allowed for the same form in the following tax year. Examples are the use of abbreviated words, revised form spacing, compressed text lines, and shortened captions, etc., which do not change the integrity of lines or text on the official forms.

If the vendor or filer makes substantial changes to the form, new substitutes must be submitted for approval. If the vendor or filer makes only insubstantial editorial changes to the form, or makes any changes that mirror changes the Service makes to the form's official version, the new substitute need not be submitted for approval. It is the responsibility of each vendor who has been granted permission to produce substitute forms to monitor and revise forms to mirror any revisions to official forms made by the Service. If there are any questions, please contact the Program.

2.5.11 When Approval Is Not Required

If you received approval for a specific change on a form last year, you may make the same change this year if the item is still present on the official form.

- The new substitute form does not have to be submitted to the IRS and approval based on that change is not required.
- However, the new substitute form must conform to the official current year IRS form in other respects: date, Office of Management and Budget (OMB) approval number, attachment sequence number, Paperwork Reduction Act Notice statement, arrangement, item caption, line number, line reference, data sequence, etc.
- The new substitute form also must comply with changes to the guidelines in this revenue procedure. The procedure may have eliminated, added to, or otherwise changed the guideline(s) that affected the change approved in the prior year.
- An approved change is authorized only for the period from a prior tax year substitute form to a current tax year substitute form.

Exception. Forms with temporary, limited, or interim approvals (or with approvals that state a

change is not allowed in any other tax year) are subject to review in subsequent years.

2.5.12 Required Copies

Generally, you must send us one copy of each form being submitted for approval. However, if you are producing forms for different computer platforms (for example, Microsoft vs. Apple), different tax preparation software (for example, TurboTax® vs. TaxSlayer®, or different types of printers (for example, inkjet vs. impact), and these forms differ **significantly** in appearance, submit one copy for each type of platform, tax preparation software, or printer.

2.5.13 Requestor's Responsibility

Following receipt of an initial approval for a substitute forms package or a software output program to print substitute forms, it is the responsibility of the originator (designer or distributor) to provide client firms or individuals with forms that meet the IRS's requirements for continuing acceptability. Examples of this responsibility include:

- Using the prescribed print paper, font size, legibility, state tax data deletion, etc., and
 - Informing all users of substitute forms of the legal requirements of the Paperwork Reduction Act Notice, which is generally found in the instructions for the official IRS forms.
-

2.5.14 Source Code

The Program will assign a unique source code to each firm that submits substitute forms for approval. This source code will be a permanent identifier that must be used on every submission by a particular firm.

The source code consists of three alpha characters and should generally be printed under or to the left of the "Paperwork Reduction Act" statement. Vendors must ensure that the source code is not printed too close to or within the left or bottom 1/2-inch margin to avoid the source code from being cut off during printing.

Section 2.6 – Office of Management and Budget (OMB) Requirements for All Substitute Forms

2.6.1 OMB Requirements for All Substitute Forms

There are legal requirements of the Paperwork Reduction Act of 1995 (the Act). Public Law 104-13 requires the following.

- OMB approves all IRS tax forms that are subject to the Act.
- Each IRS form contains (in the upper right corner) the OMB number, if assigned.
- Each IRS form (or its instructions) states why the IRS needs the information, how it will be used, and whether or not the information is required to be furnished to the IRS.

This information must be provided to every user of official or substitute IRS forms or instructions.

2.6.2 Application of the Paperwork Reduction Act

On forms that have been assigned OMB numbers:

- All substitute forms must contain in the upper right corner the OMB number that is on the official form, and
 - The required format is: OMB No. 1545-XXXX (Preferred) or OMB # 1545-XXXX (Acceptable).
-

2.6.3 Required Explanation to Users

You must inform the users of your substitute forms of the IRS use and collection requirements stated in the instructions for official IRS forms.

- If you provide your users or customers with the official IRS instructions, each form must retain either the Paperwork Reduction Act Notice (or Disclosure, Privacy Act, and Paperwork Reduction Act Notice), or a reference to it as the IRS does on the official forms (usually in the lower left corner of the forms).
- This notice reads, in part, “We ask for tax return information to carry out the tax laws of the United States....”

Note. If no IRS instructions are provided to users of your forms, the exact text of the Paperwork Reduction Act Notice (or Disclosure, Privacy Act, and Paperwork Reduction Act Notice) must be furnished separately or on the form.

2.6.4 Finding the OMB Number and Paperwork Reduction Act Notice

The OMB number and the Paperwork Reduction Act Notice, or references to it, may be found printed on an official form (or its instructions). The number and the notice are included on the official paper format and in other formats produced by the IRS.

Part 3 Physical Aspects and Requirements

Section 3.1 – General Guidelines for Substitute Forms

3.1.1 General Information

The official form is the standard. Because a substitute form is a variation from the official form, you should know the requirements of the official form for the year of use before you modify it to meet your needs. To obtain the most frequently used tax forms, visit *IRS.gov/OrderForms*.

3.1.2 Design

Each form must follow the design of the official form as to format arrangement, item caption, line numbers, line references, and sequence.

3.1.3 State Tax Information Prohibited

Generally, state tax information must not appear on the federal tax return, associated form, or schedule that is filed with the IRS. Exceptions occur when amounts are claimed on, or required by, the federal return (for example, state and local income taxes, on Schedule A of Form 1040).

3.1.4 Vertical Alignment of Amount Fields

IF a form is to be...		THEN...
Manually prepared	1	The entry column must have a vertical line or some type of indicator in the amount field to separate dollars from cents
	2	The cents column must be at least 3/10" wide
Computer generated	1	Vertically align the amount entry fields where possible
	2	Use one of the following amount formats: a) 0,000,000, or b) 0,000,000.00
Computer prepared	1	You may remove the vertical line in the amount field that separates dollars from cents
	2	Use one of the following amount formats: a) 0,000,000, or b) 0,000,000.00

3.1.5 Attachment Sequence Number

Many individual income tax forms have a required "attachment sequence number" located just below the year designation in the upper right corner of the form. The IRS uses this number to indicate the order in which forms are to be attached to the tax return for processing. Some of the attachment sequence numbers may change from year to year.

The following applies to computer-prepared forms.

- The sequence number may be printed in no less than 12-point boldface type and centered below the form's year designation.
- The sequence number also may be placed following the year designation for the tax form and separated with an asterisk.
- The actual number may be printed without labeling it the "Attachment Sequence Number."

3.1.6 Assembly of Forms

When developing software or forms for use by others, please inform your customers/clients that the order in which the forms are arranged may affect the processing of the package. A return must be arranged in the order indicated below.

IF the form is...	THEN the sequence is...
1040	<ul style="list-style-type: none"> • Form 1040, and • Schedules and forms in attachment sequence number order
Any other tax return (Form 1120, 1120S, 1065, 1041, etc.)	<ul style="list-style-type: none"> • The tax returns, • Directly associated schedules (Schedule D, etc.), • Directly associated forms, • Additional schedules in alphabetical order, and • Additional forms in numerical order

Supporting statements should then follow in the same sequence as the forms they support. Additional information required should be attached last.

In this way, the forms are received in the order in which they must be processed. If you do not send returns to the IRS in order, processing may be delayed.

3.1.7 Paid Preparer's Information and Signature Area

On Forms 1040 and 1120, etc., the "Paid Preparer Use Only" area may not be rearranged or relocated. You may, however, add three extra lines to the paid preparer's address area, and remove the horizontal rules in that area without prior approval. This applies to other tax forms as well.

3.1.8 Some Common Reasons for Requiring Changes to Substitute Forms

Some reasons that substitute form submissions may require changes include the following.

- Shading areas incorrectly.
- Failing to include a reference to the location of the Paperwork Reduction Act Notice.
- Not including parentheses for losses.
- Not including "Attach Statement" when appropriate.
- Including line references or entry spaces that do not match the official form.
- Printing text that is different from the official form.
- Altering the jurat (perjury statement).
- Having an incorrect OMB number.
- Including the IRS Catalog Number (Cat. No.) on the form.
- Failing to include preprinted amounts in entry fields.
- Missing IRS source code or NACTP software ID.
- Incorrect dimensions.

Section 3.2 – Paper

3.2.1 Paper Content

The paper must be:

- Chemical wood writing paper that is equal to or better than the quality used for the official form,
- At least 18 pound (17" x 22", 500 sheets), or
- At least 50 pound offset book (25" x 38", 500 sheets).

3.2.2 Paper with Chemical Transfer Properties

There are several kinds of paper prohibited for substitute forms. These are:

- | | |
|---|---|
| 1 | Carbon-bonded paper, and |
| 2 | Chemical transfer paper except when the following specifications are met
a Each ply within the chemical transfer set of forms must be labeled, and
b Only the top ply (ply one and white in color), the one that contains chemical on the back only (coated back), may be filed with the IRS. |

Example. A set containing three plies would be constructed as follows: ply one (coated back), “Federal Return, File with IRS”; ply two (coated front and back), “Taxpayer’s copy”; and ply three (coated front), “Preparer’s copy.”

The file designation, “Federal Return, File with IRS” for ply one, must be printed in the bottom right margin (just below the last line of the form) in 12-point boldface type.

It is not mandatory, but recommended, that the file designation “Federal Return, File with IRS” be printed in a contrasting ink for visual emphasis.

3.2.3 Paper and Ink Color

It is preferred that the color and opacity of paper substantially duplicates that of the original form. This means that your substitute must be printed in black ink and may be on white or on the colored paper the IRS form is printed on. Form 1040 substitute reproductions may be in black ink without the colored shading. The only exception to this rule is Form 1041–ES, which should be printed with a PMS 100 yellow shading in the color screened area. This is necessary to assist us in expeditiously separating this form from the very similar Form 1040–ES.

3.2.4 Page Size

Substitute or reproduced forms and computer-prepared/-generated substitutes may be the same size as the official form or they may be the standard commercial size (8 1/2" x 11"). The thickness of the stock cannot be less than .003 inches.

Section 3.3 – Printing

3.3.1 Printing Medium

The private printing of all substitute tax forms must be by conventional printing processes, photocopying, computer graphics, or similar reproduction processes.

3.3.2 Legibility

All forms must have a high standard of legibility as to printing, reproduction, and fill-in matter. Entries of taxpayer data may be no smaller than eight points. The IRS reserves the right to reject those with poor legibility. The ink and printing method used must ensure that no part of a form (including text, graphics, data entries, etc.) develops “smears” or similar quality deterioration. This standard must be followed for any subsequent copies or reproductions made from an approved master substitute form, either during preparation or during IRS processing.

3.3.3 Type Font

Many federal tax forms are printed using “Helvetica” as the basic type font. It is preferred that you use this type font when composing substitute forms.

3.3.4 Print Spacing

Substitute forms should be printed using a 6 lines/inch vertical print option. They also should be

printed horizontally in 10 pitch pica (that is, 10 print characters per inch) or 12 pitch elite (that is, 12 print positions per inch).

3.3.5 Image Size

The image size of a printed substitute form should be as close as possible to that of the official form. You may omit any text on both computer-prepared and computer-generated forms that is solely instructional.

3.3.6 Title Area Changes

To allow a large top margin for marginal printing and more lines per page, the title line(s) for all substitute forms (not including the form's year designation and sequence number, when present), may be photographically reduced by 40% or reset as one line of type. When reset as one line, the type size may be no smaller than 14-point. You may omit "Department of the Treasury—Internal Revenue Service" and all reference to instructions in the form's title area.

3.3.7 Remove Government Printing Office Symbol and IRS Catalog Number

When privately printing substitute tax forms, the Government Printing Office (GPO) symbol and/or jacket number must be removed. In the same place using the same type size, print the Employer Identification Number (EIN) of the printer or designer or the IRS-assigned source code. (We prefer this last number be printed in the lower left area of the first page of each form.) Also, remove the IRS Catalog Number (Cat. No.) and the recycle symbol if the substitute is not produced on recycled paper.

3.3.8 Printing Single Page Forms

Substitute single page forms should be reproduced the same as IRS single page forms, with the exception of Form 1040. See *Exhibit A* and *Part 5*, later. Other forms or schedules should not be printed on the back or on blank portions of a single page form. However, printing instructions on the back or on blank portions of a single page form is acceptable.

3.3.9 Photocopy Equipment

The IRS does not undertake to approve or disapprove the specific equipment or process used in reproducing official forms. Photocopies of forms must be entirely legible and satisfy the conditions stated in this and other revenue procedures.

3.3.10 Reproductions

Reproductions of official forms and substitute forms that do not meet the requirements of this revenue procedure may not be filed instead of the official forms. Illegible photocopies are subject to being returned to the filer for resubmission of legible copies.

3.3.11 Removal of Instructions

Generally, you may remove references to instructions. No prior approval is needed. However, in some instances, you may be requested to include references to instructions.

Exception. The words "For Paperwork Reduction Act Notice, see instructions" must be retained, or a similar statement indicating the location of the Notice, must be provided on each form.

Section 3.4 – Margins

3.4.1 Margin Size

The format of a reproduced tax form when printed on the page must have margins on all sides at

least as large as the margins on the official form. This allows room for IRS employees to make necessary entries on the form during processing.

- A ½-inch to ¼-inch margin must be maintained across the top, bottom, and both sides of all substitute forms.
 - The marginal, perforated strips containing pin-fed holes must be removed from all forms prior to filing with the IRS.
-

3.4.2 Marginal Printing

Prior approval is not required for the marginal printing allowed when printed on an official form or on a photocopy of an official form.

- With the exception of the actual tax return forms (for example, Forms 1040, 1120, 940, 941, etc.), you may print in the left vertical margin and in the left half of the bottom margin.
 - Printing is never allowed in the top right margin of the tax return form (for example, Forms 1040, 1120, 940, 941, etc.). The Service uses this area to imprint a Document Locator Number for each return. There are no exceptions to this requirement.
-

Section 3.5 – Examples of Approved Formats

3.5.1 Examples of Approved Formats From the Exhibits

Exhibits A and B, at the end of this revenue procedure, are examples of how these guidelines may be used. Vertical spacing is six (6) lines to the inch. A combination of upper-case and lower-case print font is acceptable in producing substitute forms.

The same logic may be applied to any IRS form that is normally reproducible as a substitute form, with the exception of the tax return forms as discussed elsewhere.

Note. These exhibits may be from a prior year and are not to be used as current substitute forms.

Section 3.6 – Miscellaneous Information for Substitute Forms

3.6.1 Filing Substitute Forms

To be acceptable for filing, a substitute form must print out in a format that will allow the filer to follow the same instructions that accompany official forms.

The form must be legible, must be on the appropriately sized paper, and must include a jurat (perjury statement) where one appears on the published form.

3.6.2 Caution to Software Publishers

The IRS has received returns produced by software packages with approved output where either the form heading was altered or the lines were spaced irregularly. This produces an illegible or unrecognizable return or a return with the wrong number of pages. We realize that many of these problems are caused by individual printer differences but they may delay input of return data and, in some cases, generate correspondence to the taxpayer. Therefore, in the instructions to the

purchasers of your product, both individual and professional, please stress that their returns will be processed more efficiently if they are properly formatted. This includes:

- Having the correct form numbers, six-digit form identifying numbers, and titles at the top of the return, and
- Submitting the same number of pages as if the form were an official IRS form with the line items on the proper pages.

3.6.3 Caution to Producers of Software Packages

If you are producing a software package that generates name and address data onto the tax return, do not, under any circumstances, program either the IRS preprinted check digits or a practitioner-derived name control to appear on any return prepared and filed with the IRS.

3.6.4 Programming to Print Forms

Whenever applicable:

- Use only the following label information format for single filers: JOHN Q. DOE 000 OAK DRIVE HOMETOWN, STATE 00000
- Use only the following information for joint filers: JOHN Q. DOE MARY Q. DOE 000 OAK DRIVE HOMETOWN, STATE 00000
- Use “0” for numbers values and “X” for alpha characters entered in data entry fields as dummy copy.

Part 4 Additional Resources

Section 4.1 – Guidance From Other Revenue Procedures

4.1.1 General

The IRS publications listed below provide guidance for substitute tax forms not covered in this revenue procedure. These publications are available on the IRS website. Use the Publication number listed below to search for the requested document.

- Pub. 1141, General Rules and Specifications for Substitute Forms W-2 and W-3.
- Pub. 1179, General Rules and Specifications for Substitute Forms 1096, 1098, 1099, 5498, and Certain Other Information Returns.
- Pub. 1223, General Rules and Specifications for Substitute Forms W-2c and W-3c.
- Pub. 4436, General Rules and Specifications for Substitute Form 941, Schedule B (Form 941), Schedule D (Form 941), and Schedule R (Form 941). This also includes Form 8974.

- Pub. 5223, General Rules and Specifications for Affordable Care Act Substitute Forms 1095–A, 1094–B, 1095–B, 1094–C, and 1095–C.

Section 4.2 – Electronic Tax Products

4.2.1 The IRS Website

Copies of tax forms, their instructions, publications, fillable forms, and prior year forms and publications, may be found on the IRS website at *IRS.gov/FormsPubs*.

Draft forms and instructions may be found at *IRS.gov/DraftForms*.

Other tax-related information may be found at *IRS.gov*.

4.2.2 System Requirements and Ordering Forms and Instructions

For system requirements, contact the National Technical Information Service (NTIS) at *www.ntis.gov*. Prices are subject to change.

You can order IRS forms and other tax material at *IRS.gov/OrderForms*.

Part 5 Requirements for Specific Tax Returns

Section 5.1 – Tax Returns (Forms 1040, 1120, etc.)

5.1.1 Acceptable Forms

Tax return forms (such as Forms 1040 and 1120) require a signature and establish tax liability. Computer-generated versions are acceptable under the following conditions.

- These substitute forms must be printed on plain white paper.
 - Substitute forms must conform to the physical layout of the corresponding IRS form although the typeface may differ. **Note.** Form 1040 (pages 1 and 2) may be printed on a single page as shown in *Exhibit A*. The text should match the text on the officially published form as closely as possible. Condensed text and abbreviations will be considered on a case-by-case basis. **Caution.** All jurats (perjury statements) must be reproduced verbatim. No text can be added, deleted, or changed in meaning.
 - Various computer graphic print media such as laser printing, inkjet printing, etc., may be used to produce the substitute forms.
 - The substitute form must be the same number of pages (with the exception of Form 1040, as noted above), and contain the same line text as the official form.
 - All substitute forms must be submitted for approval prior to their original use. You do not need approval for a substitute form if its only change is the preprinted year and you had received a prior year approval letter. **Exception.** If the approval letter specifies a one-time exception for your form, the next year's form must be approved.
-

5.1.2 Prohibited Forms

The following are prohibited.

- Computer-generated tax forms (for example, Form 1040, etc.) on lined or color barred paper.
 - Tax forms that differ from the official IRS forms in a manner that makes them non-standard or unable to process.
-

5.1.3 Changes Permitted to Form 1040

Certain changes (listed in *Section 5.2*) are permitted to the graphics of the form without prior approval, but these changes apply to only acceptable preprinted forms. Changes not requiring prior approval are good only for the annual filing period, which is the current tax year. Such changes are valid in subsequent years only if the official form does not change.

5.1.4 Other Changes Not Listed

All changes not listed in *Section 5.2* require approval from the IRS before the form can be filed.

Section 5.2 – Changes Permitted to Graphics (Form 1040)

5.2.1 Adjustments

You may make minor vertical and horizontal spacing adjustments to allow for computer or word processing printing. This includes widening the amount columns or tax entry areas if the adjustments comply with other provisions stated in revenue procedures. No prior approval is needed for these changes.

Form 1040, which is currently a two-page form, can be reproduced (concatenated) into a single page as long as there are no other distinguishing marks such as “fold here,” “cut here,” dotted lines, etc. This is acceptable for paper filing and for the taxpayer copy of the form. See *Exhibit A*. Schedules 1–6 cannot be combined for filing purposes. For the client copy of the return, the numbered Schedules may be printed two to a page (for example, Schedule 3 below Schedule 2, if both are completed as part of the return). If numbered Schedules are combined on the client copy, it must include a statement that it is “Not for Filing.”

5.2.2 Name and Address Area

The horizontal rules and instructions within the name and address area may be removed and the entire area left blank. No line or instruction can remain in the area. The heavy ruled border (when present) that outlines the name, address area, and social security number must not be removed, relocated, expanded, or contracted.

5.2.3 Required Format

When the name and address area is left blank, the following format must be used when printing the taxpayer’s name and address.

- 1st name line (35 characters maximum).
- 2nd name line (35 characters maximum).

- In-care-of name line (35 characters maximum).
- City, state (25 characters maximum), one blank character, and ZIP code.

5.2.4 Conventional Name and Address Data

When there is no in-care-of name line, the name and address will consist of only three lines (single filer) or four lines (joint filer). Name and address (joint filer) with no in-care-of name line:

JOHN Q. DOE

MARY Q. DOE

000 ANYWHERE ST., APT. 000

ANYTOWN, STATE 00000

Example of in-care-of name line. Name and address (single filer) with in-care-of name line:

JOHN Q. DOE

C/O JOHN R. DOE

0000 SOMEWHERE AVE.

SAMETOWN, STATE 00000

5.2.5 SSN and Employer Identification Number (EIN) Area

The broken vertical lines separating the format arrangement of the SSN/EIN may be removed. When the vertical lines are removed, the SSN and EIN formats must be 000-00-0000 or 00-0000000, respectively.

5.2.6 Cents Column

- You may remove the vertical rule that separates the dollars from the cents.
- All entries in the amount column should have a decimal point following the whole dollar amounts whether or not the vertical line that separates the dollars from the cents is present.
- You may omit printing the cents, but all amounts entered on the form must follow a consistent format. You are strongly urged to round off the figures to whole dollar amounts, following the official form instructions.
- When several amounts are summed together, the total should be rounded off after addition (that is, individual amounts should not be rounded off for computation purposes).

- When printing money amounts, you must use one of the following formats: (a) 0,000,000; (b) 0,000,000.00.
 - When there is no entry for a line, leave the line blank.
-

5.2.7 Changes to Lines

No prior approval is needed for the following changes (for use with computer-prepared forms only). Specific line numbers in the following headings may have changed due to tax law changes.

5.2.8 Dependents on Form 1040

The vertical lines separating columns (1) through (4) may be removed. The captions may be shortened to allow a one-line caption for each column.

5.2.9 Other Lines

Any other line with text that takes up two or more vertical lines may be compressed to one line by using contractions, etc., and by removing instructional references.

5.2.10 Form 1040 – Tax

You may change the line caption to read “Tax” and computer print the words “Total includes tax from” and either “Form(s) 8814” or “Form 4972” or “962 election.” If both forms are used, print both form numbers. This specific line number may have changed.

5.2.11 Color Screening

It is not necessary to duplicate the color screening used on the official form. A substitute Form 1040 may be printed in black and white only with no color screening.

5.2.12 Other Changes Prohibited

No other changes to the Form 1040 graphics are permitted without prior approval except for the removal of instructions and references to instructions.

Part 6 Format and Content of Substitute Returns

Section 6.1 – Acceptable Formats for Substitute Forms and Schedules

6.1.1 Exhibits and Use of Acceptable Formats

Exhibit of acceptable format for Form 1040 (reproduced on one page vs. two pages) is shown in the exhibits section of this revenue procedure.

- If your computer-generated forms appear exactly like the exhibits (A or B), no prior authorization is needed.
- You may computer-generate forms not shown here, but you must design them by following the manner and style discussed in *Part 3*.

- Take care to observe other requirements and conditions in this revenue procedure. The IRS encourages the submission of all proposed forms covered by this revenue procedure.

6.1.2 Instructions

The format of each substitute form or schedule must follow the format of the official form or schedule as to item captions, line references, line numbers, sequence, form arrangement and format, etc. Basically, try to make the form look like the official one, with readability and consistency being primary factors. You may use periods and/or other similar special characters to separate the various parts and sections of the form. Do not use alpha or numeric characters for these purposes. All line numbers and items must be printed even though an amount is not entered on the line.

6.1.3 Line Numbers

When a line on an official form is designated by a number or a letter, that designation (reference code) must be used on a substitute form. The reference code must be printed to the left of the text of each line and immediately preceding the data entry field, even if no reference code precedes the data entry field on the official form. If an entry field contains multiple lines and shows the line references once on the left and right side of the form, use the same number of line references on the substitute form.

In addition, the reference code that is immediately before the data field must either be followed by a period or enclosed in parentheses. There also must be at least two blank spaces between the period or the right parenthesis and the first digit of the data field. (See *Section 6.1.4.*)

6.1.4 Decimal Points

A decimal point (a period) should be used for each money amount regardless of whether the amount is reported in dollars and cents or in whole dollars, or whether or not the vertical line that separates the dollars from the cents is present. The decimal points must be vertically aligned when possible.

Example:			
5	STATE & LOCAL INC. TAXES.....	5.	000.00
6	REAL ESTATE TAXES.....	6.	
7	PERSONAL PROPERTY TAXES.....	7.	000.00
or			
5	STATE & LOCAL INC. TAXES.....	(5)	000.00
6	REAL ESTATE TAXES.....	(6)	
7	PERSONAL PROPERTY TAXES.....	(7)	000.00

6.1.5 Multi-Page Forms

When submitting a multi-page form, send all its pages in the same package. If you will not be producing certain pages, please note that in your cover letter.

Section 6.2 – Additional Instructions for All Forms

6.2.1 Use of Your Own Internal Control Numbers and Identifying Symbols

You may show the computer-prepared internal control numbers and identifying symbols on the substitute if using such numbers or symbols is acceptable to the taxpayer and the taxpayer's representative. Such information must not be printed in the top ½-inch clear area of any form or schedule requiring a signature. Except for the actual tax return form (Forms 1040, 111D Number on 20, 940, 941, etc.), you may print in the left vertical and bottom left margins. The bottom left margin you may use extends 3½ inches from the left edge of the form. You may print internal control numbers in place of the removed IRS catalog number.

6.2.2 Required Software ID Number (Source Code) on Computer- Prepared Substitutes

In the February 2009 Government Accountability Office (GAO) report, "Many Taxpayers Rely on Tax Software and IRS Needs to Assess Associated Risks" (GAO-09-297), GAO recommended that IRS require a software identification number on all individual returns to specifically identify the software package used to prepare each tax return. The IRS already has this capability for all e-filed returns. In addition, many tax preparation software firms already print an IRS-issued 3-letter Source Code on paper returns that are generated by their individual tax software. This Source Code was assigned when the firms were seeking substitute forms approval under this current publication.

In order to respond properly to this GAO recommendation, the IRS will require all tax preparation software firms to include the 3-letter Source Code on all paper tax returns created by their individual tax preparation software. The many firms that currently have and display their Source Code on paper returns generated from their software should continue to do so, and no change is necessary.

We have reviewed all software companies that passed PATS testing last filing season and have determined that some firms do not currently have a Source Code. To save you the burden of contacting us and for your convenience, we have assigned Source Codes to those firms.

You should program your Source Code to be placed in the bottom left-hand corner of page one of each paper form that will be generated by your individual tax return package. You do not need to apply for a new Source Code annually.

If you already use a 3-letter Source Code and we have issued you one in error, you are unsure if you were ever issued one, or have other questions or concerns, you may contact Tax Forms and Publications Special Services Section at substituteforms@irs.gov.

6.2.3 Descriptions for Captions, Lines, etc.

Descriptions for captions, lines, etc., appearing on the substitute forms may be limited to one print line by using abbreviations and contractions, and by omitting articles, prepositions, etc. However, sufficient keywords must be retained to permit ready identification of the caption, line, or item.

6.2.4 Determining Final Totals

Explanatory detail and/or intermediate calculations for determining final line totals may be included on the substitute. We prefer that such calculations be submitted in the form of a supporting statement. If intermediate calculations are included on the substitute, the line on which they appear may not be numbered or lettered. Intermediate calculations may not be printed in the right column.

This column is reserved only for official numbered and lettered lines that correspond to the ones on the official form. Generally, you may choose the format for intermediate calculations or subtotals on supporting statements to be submitted.

**6.2.5
Instructional
Text on the
Official Form**

Text on the official form, which is solely instructional (for example, “See instructions,” etc.), may generally be omitted from the substitute form.

**6.2.6
Intermingling Is
Prohibited**

Showing more than one form or schedule on the same printout page is prohibited. Both sides of the paper may be used for multipage forms, but it is unacceptable to intermingle forms.

For instance, Schedule E can be printed on both sides of the paper because the official form is multipage, with page 2 continued on the back. However, do not print Schedule E on the front page and Schedule SE on the back, or Schedule A on the front and Form 8615 on the back, etc. Both pages of a substitute form must match the official form. The back page may be left blank if the back page of the official form contains only the instructions.

**6.2.7
Identifying
Substitutes**

Identify all computer-prepared substitutes clearly. Print the form designation ½ inch from the top margin and 1½ inches from the left margin. Print the title centered on the first line of print. Print the taxable year and, where applicable, the sequence number on the same line ½ inch to 1 inch from the right margin. Include the taxpayer’s name and SSN on all forms and attachments. Also, print the OMB number as reflected on the official form.

**6.2.8
Negative
Amounts**

Negative (or loss) amount entries should be enclosed in brackets or parentheses or include a minus sign. This assists in accurate computation and input of form data. The IRS preprints parentheses in negative data fields on many official forms. These parentheses should be retained or inserted on printouts of affected substitute forms.

**Part 7
Miscellaneous Forms and Programs**

Section 7.1 – Specifications for Substitute Schedules K-1

**7.1.1
Requirements for
Schedules K-1
That Accompany
Forms 1041, 1065,
1065-B, and 1120S**

Because of significant changes to improve processing, prior approval is now required for substitute Schedules K-1 that accompany Form 1041 (for estates and trusts), Form 1065 (for partnerships), Form 1065-B (for electing large partnerships), or Form 1120S (for S corporations). Substitute Schedules K-1 should be as close as possible to exact replicas of copies of the official IRS schedules and follow the same process for submitting other substitute forms and schedules. Before releasing their substitute forms, software vendors are responsible for making any subsequent changes that have been made to the final official IRS forms after the draft forms have been posted.

Submit substitute Schedule K-1 forms, in PDF format, to scrips@irs.gov for scannability acceptance. Schedule K-1 forms that require testing do not need to be mailed to the Program. You must include information on the substitute that can be tested. This information should be dummy information. Use an “X” for alpha characters and “0” for numbers. IRS will review and provide feedback of any changes needed so that your forms can be recognized correctly.

Include the 6-digit form ID code in the upper right of Schedules K-1 of Forms 1041, 1065, and 1120S. Please allow at least 1/4 inch of white space around the 6-digit code.

- 661117 for Form 1041,
- 651117 for Form 1065, and
- 671117 for Form 1120S.

Schedules K-1 that accompany Forms 1041, 1065, 1065-B, or 1120S must meet all specifications. The specifications include, but are not limited to, the following requirements.

- You will no longer be able to produce Schedules K-1 that contain only those lines or boxes that taxpayers are required to use. All lines must be included.
- The words “*See attached statement for additional information.” must be preprinted in the lower right-hand side on Schedules K-1 of Forms 1041, 1065, and 1120S.
- All K-1s that are filed with the IRS should be printed on standard 8.5” × 11” paper (the international standard (A4) of 8.27” × 11.69” may be substituted).
- 10-point Helvetica Light Standard is preferred for all entries that are typed or made using a computer.
- Submissions should include IRS source code or NACTP vendor ID code printed on the lower left corner of the form or in place of the IRS catalog number.
- Each recipient’s information must be on a separate sheet of paper. Therefore, you must separate all continuously printed substitutes, by recipient, before filing with the IRS.
- No carbon copies or pressure-sensitive copies will be accepted.
- The Schedule K-1 must contain the name, address, and SSN or EIN of both the entity (estate, trust, partnership, or S corporation) and the recipient (beneficiary, partner, or shareholder).
- The Schedule K-1 must contain the tax year, the OMB number, the schedule number (K-1), the related form number (1041, 1065, 1065-B, or 1120S), and the official schedule name in substantially the same position and format as shown on the official IRS schedule.
- The Schedule K-1 must contain all the line items as shown on the official form, except for the instructions, if any are printed on the back of the official Schedule K-1.
- The line items or boxes must be in the same order and arrangement as those on the official form.
- The amount of each recipient’s share of each item must be shown. A partial percent should be reflected as a decimal (example: 50 ½% should be 50.5%). Furnishing a total amount of each item and a percentage (or decimal equivalent) to be applied to such total amount by the recipient does not satisfy the law and the specifications of this revenue procedure.

- State or local tax-related information may not be included on the Schedules K-1 filed with the IRS.
- The entity may have to pay a penalty if substitute Schedules K-1 are filed that do not conform to specifications.
- Additionally, the IRS may consider the Schedules K-1 that do not conform to specifications as not being able to be processed and may return Forms 1041, 1065, 1065-B, or 1120S to the filer to be filed correctly.

Schedules K-1 that are 2-D bar-coded will continue to require prior approval from the IRS (see *Sections 7.1.3 through 7.1.5*).

7.1.2 Special Requirements for Recipient Copies of Schedules K-1

Standardization for reporting information is required for recipient copies of substitute Schedules K-1 of Forms 1041, 1065, 1065-B, and 1120S. Uniform visual standards are provided to increase compliance by allowing recipients and practitioners to more easily recognize a substitute Schedule K-1. The entity must furnish to each recipient a copy of Schedule K-1 that meets the following requirements.

- Include the 6-digit form ID code in the upper right of Schedules K-1 of Forms 1041, 1065, and 1120S. Please allow white space around the 6-digit code.
 - 661117 for Form 1041,
 - 651117 for Form 1065, and
 - 671117 for Form 1120S.
- You will no longer be able to produce Schedules K-1 that contain only those lines or boxes that taxpayers are required to use. All lines must be included.
- The words “*See attached statement for additional information.” must be preprinted in the lower right-hand side on Schedules K-1 of Forms 1041, 1065, and 1120S.
- The Schedule K-1 must contain the name, address, and SSN or EIN of both the entity and recipient.
- The Schedule K-1 must contain the tax year, the OMB number, the schedule number (K-1), the related form number (1041, 1065, 1065-B, or 1120S), and the official schedule name in substantially the same position and format as shown on the official IRS schedule.
- All applicable amounts and information required to be reported must be titled and numbered in the same manner as shown on the official IRS schedule. The line items or boxes must be in the same order and arrangement and must be numbered like those on the official IRS schedule.
- The Schedule K-1 must contain all items required for use by the recipient. The instructions to

the schedule must identify the line or box number and code, if any, for each item as shown in the official IRS schedule.

- The amount of each recipient's share of each item must be shown. A partial percent should be reflected as a decimal (example 50 ½% should be 50.5%). Furnishing a total amount of each line item and a percentage (or decimal equivalent) to be applied to such total amount by the recipient does not satisfy the law and the specifications of this revenue procedure.
- Instructions to the recipient that are substantially similar to those on or accompanying the official IRS schedule must be provided to aid in the proper reporting of the items on the recipient's income tax return. Where items are not reported to a recipient because they do not apply, the related instructions may be omitted.
- The quality of the ink or other material used to generate recipients' schedules must produce clearly legible documents. In general, black chemical transfer inks are preferred.
- In order to assure uniformity of substitute Schedules K-1, the paper size should be standard 8.5" × 11" (the international standard (A4) of 8.27" × 11.69" may be substituted.)
- The paper weight, paper color, font type, font size, font color, and page layout must be such that the average recipient can easily decipher the information on each page. The preferred font is "Helvetica" and a minimal of 10-point font.
- State or local tax-related information may be included on recipient copies of substitute Schedules K-1. All non-tax-related information should be separated from the tax information on the substitute schedule to avoid confusion for the recipient.
- The legend "Important Tax Return Document Enclosed" must appear in a bold and conspicuous manner on the outside of the envelope that contains the substitute recipient copy of Schedule K-1.
- The entity may have to pay a penalty if a substitute Schedule K-1 furnished to any recipient does not conform to the specifications of this revenue procedure and results in impeding processing.

7.1.3 Requirements for Schedules K-1 With Two- Dimensional (2-D) Bar Codes

Electronic filing is now and will continue to be the preferred method of filing; however, 2-D bar code is the best alternative method for paper processing.

In an effort to improve efficiency and increase data accuracy, the IRS partnered with the tax software development community on a two-dimensional bar code project in 2003. Certain tax software packages have been modified to generate 2-D bar codes on Schedules K-1. As a result, when K-1s are printed using these programs, a bar code will print on the page.

Rather than manually transcribe information from the Schedule K-1, the IRS will scan the bar code and electronically upload the information from the K-1. The results will be more efficient operation within the IRS and fewer transcription errors for your clients.

Note. If software vendors do not want to produce bar-coded Schedules K-1, they may produce the

official IRS Schedules K-1 but cannot use the expedited process for approving bar-coded K-1s and their parent returns as outlined in *Section 7.1.6*.

In addition to the requirements in *Sections 7.1.1 and 7.1.2*, the bar-coded Schedules K-1 must meet the following specifications.

- The bar code should print in the space labeled “For IRS Use Only” on each Schedule K-1. The entire bar code must print within the “For IRS Use Only” box surrounded by a white space of at least ¼ inch.
- Bar codes must print in PDF 417 format.
- The bar codes must always be in the specified format with every field represented by at least a field delimiter (carriage return). Leaving out a field in a bar code will cause every subsequent field to be misread.
- Be sure to include the 6-digit form ID code in the upper right of Schedules K-1 of Forms 1041, 1065, and 1120S. Please allow white space around the 6-digit code.
 - 661117 for Form 1041,
 - 651117 for Form 1065, and
 - 671117 for Form 1120S.

7.1.4 2-D Bar Code Specifications for Schedules K-1

Follow these general specifications for preparing all 2-D bar-coded Schedules K-1.

- Numeric fields –
 - Do not include leading zeros (except Taxpayer Identification Numbers, Zip Codes, and percentages).
 - If negative value, the minus sign “-” must be present immediately to the left of the number and part of the 12 position field.
 - Do not use non-numeric characters except that the literal “STMT” can be put in money fields.
 - All money fields should be rounded to the nearest whole dollar amount – if a money amount ends in 00 to 49 cents, drop the cents; if it ends in 50 to 99 cents, truncate the cents and increment the dollar amount by one. Use the same rounding technique for the bar-coded and the printed K-1s.
 - All numeric-only fields are right justified (except Taxpayer Identification Numbers and Zip Codes).
- All field lengths are expressed as maximum lengths. If the value in the field has fewer positions

or the software program does not support that many positions, put in the bar code only those positions actually used.

- Alpha fields –
 - Do not include leading blanks (left justified).
 - Do not include trailing blanks.
 - Use uppercase alpha characters only.
- Variable fields –
 - Do not include leading blanks (left justified).
 - Do not include trailing blanks.
 - Use uppercase alpha characters, numerics, and special characters as defined in each field.
- Delimit each field with a carriage return.
- Express percentages as 6-digit numbers without the percent sign. Left justify with leading zero(s) (for percentages less than 100%) and no decimal point (decimal point is assumed between 3rd and 4th positions). Examples: 25.32% expressed as “025320”; 105% expressed as “105000”; 8.275% expressed as “008275”; 10.24674% expressed as “010247.”
- It is vital that the print routine reinitialize the bar code prior to printing each succeeding K-1. Failure to do this will result in each K-1 for a parent return having the same bar code as the document before it.

7.1.5 Approval Process for Bar- Coded Schedules K-1

Prior to releasing commercially available tax software that creates bar-coded Schedules K-1, the printed schedule and the bar code must both be tested. If your company is creating bar-coded Schedules K-1, you must receive certification for both the printed K-1, as well as the bar code before offering your product for sale. Bar-code testing must be done using the final official IRS Schedule K-1. Bar-code approval requests must be resubmitted for any subsequent changes to the official IRS form that would affect the bar code.

Below are instructions and a sequence of events that will comprise the testing process.

- The IRS has released the final Schedule K-1 bar-code specifications by publishing them on the IRS.gov website (see *IRS.gov/E-file-Providers/ K-1-Bar-Code-Certification-Process*).
- The IRS will publish a set of test documents that will be used to test the ability of tax preparation software to create bar codes in the correct format.
- Software developers will submit two identical copies of the test documents – one to the IRS and one to a contracted testing vendor.

- The IRS will use one set to ensure the printed schedules comply with standard substitute forms specifications.
 - If the printed forms fail to meet the substitute form criteria, the IRS will inform the software developer of the reason for noncompliance.
 - The software developer must resubmit the Schedule(s) K-1 until they pass the substitute forms criteria.
 - The testing vendor will review the bar codes to ensure they meet the published bar-code specifications.
 - If the bar code(s) does not meet published specifications, the testing vendor will contact the software developer directly informing them of the reason for noncompliance.
 - Software developers must submit new bar-coded schedules until they pass the bar-code test.
 - When the bar code passes, the testing vendor will inform the IRS that the developer has passed the bar-code test and the IRS will issue an overall approval for both the substitute form and the bar code.
 - After receiving this consolidated response, the software vendor is free to release software for tax preparation as long as any subsequent revisions to the schedules do not change the fields.
 - Find the mailing address for the testing vendor below. Separate and simultaneous mailings to the IRS and the vendor will reduce testing time.
-

7.1.6 Procedures for Reducing Testing Time

In order to help provide incentives to the software development community to participate in the Schedule K-1 2-D project, the IRS has committed to expediting the testing of bar-coded Schedules K-1 and their associated parent returns. To receive this expedited service, follow the instructions below.

- Mail the parent returns (Forms 1065, 1120S, 1041) and associated bar-coded Schedule(s) K-1 to the appropriate address below in a separate package from all other approval requests.

Internal Revenue Service
Attn: Bar-Coded K-1
SE:W:CAR:MP:T:M:S, IR 6526
1111 Constitution Ave. NW
Washington, DC 20224

- Mail one copy of the parent form(s) and Schedule(s) K-1 to the IRS and another copy to the testing vendor at the address below.

Leidos-IRS Paper and Remittance
Processing Support (PRPS II)
Attn: Dana Hawkins
4701 Forbes Blvd.
Lanham, MD 20706

- Include multiple email and phone contact points in the packages.
- While the IRS can expedite bar-coded Schedules K-1 and their associated parent returns, it cannot expedite the approval of non-associated tax returns.
- Vendors are encouraged to visit <http://nactp.org> for compliance guidelines in regards to mil size and error-correction level.
- Submissions should include IRS source code or NACTP vendor ID code printed on the lower left corner of the form or in place of the IRS catalog number.
- If a change is made to the bar code after approval, be sure to increment the version number.

Section 7.2 – Guidelines for Substitute Forms 8655

7.2.1 Increased Standardization for Forms 8655

Increased standardization for reporting information on substitute Forms 8655 is now required to aid in processing and for compliance purposes. Please follow the guidelines in *Section 7.2.2*.

7.2.2 Requirements for Substitute Forms 8655

Please follow these specific requirements when producing substitute Forms 8655.

- The first line of the title must be “Reporting Agent Authorization.”
- If you want to include a reference to “State Limited Power of Attorney,” it can be in parentheses under the title. “State” must be the first word within the parentheses.
- You must include “Form 8655” on the form.
- While the line numbers do not have to match the official form, the sequence of the information must be in the same order.
- The size of any variable data must be printed in a font no smaller than 10-point.
- For adequate disclosure checks, the following must be included for each taxpayer.
 - Name,
 - EIN, and
 - Address.
- At this time, Form 944 will not be required if Form 941 is checked. Only those forms that the reporting agent company supports need to be listed.

- The jurat (perjury statement) must be identical with the exception of references to line numbers.
- A contact name and number for the reporting agent is not required.
- Any state information included should be contained in a separate section of the substitute form. Preferably this information will be in the same area as line 19 of the official form.
- All substitute Forms 8655 must be approved by the Program as outlined in the Form 8655 specifications in this current publication.
- If you have not already been assigned a 3-letter Source Code, you will be given one when your substitute form is submitted for approval. This Source Code should be included in the lower left corner of the form.
- The 20-business day assumed approval policy does not apply to Form 8655 approvals.

7.2.3 Exception for Form 8655

Because of how Form 8655 is processed and distributed to recipients, vendors are allowed to affix their logo onto the substitute version of the form. **This exception is for Form 8655 only.**

Part 8 Additional Information

Section 8.1 – Forms for Electronically Filed Returns

8.1.1 Electronic Filing Program

Electronic filing is a method by which authorized providers transmit tax return information to an IRS Service Center in the format of the official IRS forms. The IRS accepts both refund and balance due forms that are filed electronically.

8.1.2 Applying To Participate in IRS e-file

Anyone wishing to participate in IRS *e-file* of tax returns must submit an *e-file* application. The application can be completed and submitted electronically on the IRS website at IRS.gov after first registering for e-services on the website.

8.1.3 Obtaining the Taxpayer Signature/ Submission of Required Paper Documents

Taxpayers choosing to electronically prepare and file their return will be required to use the Self-Select PIN method as their signature.

Electronic Return Originators (EROs) can *e-file* individual income tax returns only if the returns are signed electronically using either the Self-Select or Practitioner PIN method.

Taxpayers must use Form 8453, U.S. Individual Income Tax Transmittal for an IRS *e-file* Return, to send supporting documents that are required to be submitted to the IRS.

For specific information about electronic filing, refer to Pub. 1345, Handbook for Authorized IRS

**8.1.4
Guidelines for
Preparing
Substitute Forms
in the Electronic
Filing Program**

A participant in the electronic filing program who wants to develop a substitute form should follow the guidelines throughout this publication and send a sample form for approval to the Program at substituteforms@irs.gov. If you do not prepare substitute Form 8453 using a font in which all IRS wording fits on a single page, the form will not be accepted.

Note. Use of unapproved forms could result in suspension of the participant from the electronic filing program.

Section 8.2 – Effect on Other Documents

**8.2.1
Effect on Other
Documents**

This revenue procedure supersedes Revenue Procedure 2017–40, 2017–26, I.R.B. 1339.

Section 8.3 – Exhibits

Exhibit A — Form 1040 (Acceptable format)

Exhibit B — Form 1040–ES Voucher 2017

Exhibit C — Substitute Form Checksheet

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2018** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing status: ☐ Single ☐ Married filing jointly ☐ Married filing separately ☐ Head of household ☐ Qualifying widow(er)

Your first name and initial Last name Your social security number

Your standard deduction: ☐ Someone can claim you as a dependent ☐ You were born before January 2, 1954 ☐ You are blind

If joint return, spouse's first name and initial Last name Spouse's social security number

Spouse standard deduction: ☐ Someone can claim your spouse as a dependent ☐ Spouse was born before January 2, 1954 ☐ Full-year health care coverage or exempt (see inst.)

☐ Spouse is blind ☐ Spouse itemizes on a separate return or you were dual-status alien

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign (see inst.) ☐ You ☐ Spouse

City, town or post office, state, and ZIP code. If you have a foreign address, attach Schedule 6. If more than four dependents, see inst. and ✓ here ☐

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) if qualifies for (see inst.):
			Child tax credit	Credit for other dependents
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>

Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See instructions. Keep a copy for your records.

Your signature Date Your occupation

Spouse's signature. If a joint return, both must sign. Date Spouse's occupation

If the IRS sent you an Identity Protection PIN, enter here (see inst.)

If the IRS sent you an Identity Protection PIN, enter here (see inst.)

Paid Preparer Use Only

Preparer's name Preparer's signature PTIN Firm's EIN Check if:

Firm's name Phone no.

Firm's address

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2018)

Form 1040 (2018) Page **2**

1 Wages, salaries, tips, etc. Attach Form(s) W-2 1

2a Tax-exempt interest 2a

3a Qualified dividends 3a

4a IRAs, pensions, and annuities 4a

5a Social security benefits 5a

b Taxable interest 2b

b Ordinary dividends 3b

b Taxable amount 4b

b Taxable amount 5b

6 Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22 6

7 Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6 7

8 Standard deduction or itemized deductions (from Schedule A) 8

9 Qualified business income deduction (see instructions) 9

10 Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0- 10

11 a Tax (see inst.) (check if any from: 1 ☐ Form(s) 8814 2 ☐ Form 4972 3 ☐) 11

b Add any amount from Schedule 2 and check here 11

12 a Child tax credit/credit for other dependents b Add any amount from Schedule 3 and check 12

13 Subtract line 12 from line 11. If zero or less, enter -0- 13

14 Other taxes. Attach Schedule 4 14

15 Total tax. Add lines 13 and 14 15

16 Federal income tax withheld from Forms W-2 and 1099 16

17 Refundable credits: a EIC (see inst.) b Sch 8812 c Form 8863 17

Add any amount from Schedule 5 17

18 Add lines 16 and 17. These are your total payments 18

19 If line 18 is more than line 15, subtract line 15 from line 18. This is the amount you overpaid 19

20a Amount of line 19 you want refunded to you. If Form 8888 is attached, check here 20a

21 Amount of line 19 you want applied to your 2019 estimated tax 21

22 Amount you owe. Subtract line 18 from line 15. For details on how to pay, see instructions 22

23 Estimated tax penalty (see instructions) 23

Standard Deduction for—
• Single or married filing separately, \$12,000
• Married filing jointly or Qualifying widow(er), \$24,000
• Head of household, \$18,000
• If you checked any box under Standard deduction, see instructions.

Direct deposit? See instructions.
b Routing number c Type: ☐ Checking ☐ Savings
d Account number

Go to www.irs.gov/Form1040 for instructions and the latest information. Form **1040** (2018)

Form 1040-ES (OCR) Department of the Treasury Internal Revenue Service		2017 OMB No. 1545-0074	Estimated Tax	Payment Voucher 1	Calendar year— Due April 18, 2017	
Make your check or money order payable to "United States Treasury." Enter your SSN and "2017 Form 1040-ES" on your payment. If your name, address, or SSN is incorrect, see instructions.			Amount of estimated tax you are paying by check or money order.		Dollars 0,000	Cents
			For Privacy Act and Paperwork Reduction Act Notice, see instructions.			
John Q. Doe 000 Someplace Somewhere Blvd. City, St 00000			PO Box 00000 City, St 00000 - 0000			
000000000 XX DOE 00 0 201612 000						

Exhibit C

Substitute Forms Checksheet

Checksheets of IRS Substitute Forms 20 :

Submitted on

Company:

Contact:

Phone:

Fax:

Source Code:

[illegible]

Authorized Name: _____

Title: _____

Reviewer's Name: _____

Telephone: _____

Date: _____

Part IV. Items of General Interest

Notice of Proposed Rulemaking Removal of Regulations on Advance Payments for Goods and Long-Term Contracts REG-104872-18

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This notice of proposed rulemaking proposes to streamline IRS regulations by removing regulations that are no longer necessary after the enactment of recent tax legislation. Specifically, these regulations would remove existing regulations regarding advance payments for goods and long-term contracts. The regulations would affect accrual method taxpayers who receive advance payments for goods, including those for inventoriable goods.

DATES: Written or electronic comments and requests for a public hearing must be received by January 14, 2019.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG-104872-18), Room 5205, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-104872-18), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, DC, or sent electronically, via the Federal eRulemaking Portal at www.regulations.gov (IRS REG-104872-18).

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Charles Gorham, (202) 317-5091, or Joanna L. Trebat, (202) 317-6890; concerning submissions of comments and requests for a hearing, Regina Johnson, (202) 317-6901 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

This document proposes to remove § 1.451-5 of the Income Tax Regulations

(26 CFR part 1), and its cross-references, relating to the treatment of advance payments for goods and long-term contracts under section 451 of the Internal Revenue Code (Code).

In general, section 451 provides that the amount of any item of gross income is included in gross income for the taxable year in which it is received by the taxpayer, unless, under the method of accounting used in computing taxable income, the amount is to be properly accounted for as of a different period.

Under § 1.451-1, accrual method taxpayers generally include items of income in the taxable year when all the events have occurred that fix the right to receive the income and the amount of the income can be determined with reasonable accuracy (the "all events" test).

Section 1.451-5 generally allows accrual method taxpayers to defer the inclusion of income for advance payments for goods until the taxable year in which they are properly included in income under the taxpayer's method of accounting for federal income tax purposes if that method results in the advance payments being included in gross income no later than when the advance payments are recognized in gross receipts under the taxpayer's method of accounting for financial reporting purposes.

Section 13221 of "An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018," Public Law 115-97 (the "Act"), amended section 451 by redesignating section 451(b) through (i) as (d) through (k) and adding new subsections (b) and (c).

New section 451(b) generally requires that for accrual method taxpayers the all events test with respect to a particular item of gross income must not be treated as met any later than when the item is taken into account as revenue in a taxpayer's applicable financial statement, or such other financial statement as the Secretary may prescribe.

New section 451(c) generally requires an accrual method taxpayer that receives any advance payment described in section 451(c)(4) during the taxable year to include the advance payment in income in

the taxable year of receipt or make an election to: (1) include any portion of the advance payment in income in the taxable year of receipt to the extent required under new section 451(b); and (2) include the remaining portion of the advance payment in income in the following taxable year. The election to defer advance payments of goods and services under new section 451(c) is similar to the rules regarding the treatment of advance payments for goods, services, and other specified items provided in Revenue Procedure 2004-34, 2004-1 CB 991. *See* H.R. Rep. No. 115-466, at 429 (2017) (Conf. Rep.).

New section 451(c) and its election to defer advance payments override the deferral method provided by § 1.451-5. *See* H.R. Rep. No. 115-466, at 429 n.880 (2017) (Conf. Rep.). Accordingly, the Treasury Department and the IRS propose to remove § 1.451-5 and its cross references. Removing § 1.451-5 also will ensure that the new deferral rules of section 451(c) apply uniformly and consistently to all taxpayers as well as simplify tax administration.

The rules of section 446 regarding changes in methods of accounting will apply to taxpayers changing a method of accounting for advance payments from a method described in § 1.451-5 to another method. The Treasury Department and the IRS request comments on whether any changes to existing procedural rules under section 446 for changes in methods of accounting are necessary or desirable as a result of removing § 1.451-5.

Proposed Applicability Date

The removal of these regulations would apply as of the date the Treasury decision adopting this notice of proposed rulemaking is published in the **Federal Register**.

Special Analyses

This regulation is not subject to review under section 6(b) of Executive Order 12866 pursuant to the Memorandum of Agreement (April 11, 2018) between the Department of the Treasury and the Office of Management and Budget regarding review of tax regulations. Because the pro-

posed regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Code, this notice of proposed rulemaking has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are timely submitted to the IRS in the preamble under the “ADDRESSES” section. All comments submitted will be made available at www.regulations.gov for public inspection and copying.

A public hearing will be scheduled, if requested, by any person who timely submits comments. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the **Federal Register**.

Drafting Information

The principal author of this document is Joanna L. Trebat, Office of the Associate Chief Counsel (Income Tax and Accounting). Other personnel from the IRS and Treasury Department participated in its development.

List of Subjects

26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

26 CFR Part 602

Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 602 are proposed to be amended as follows:

PART 1 – INCOME TAXES

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

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

Par. 2. Section 1.381(c)(4)–1 is amended by revising the second sentence of paragraph (b)(2) to read as follows:

§ 1.381(c)(4)–1 Method of accounting.

* * * * *

(b) * * *

(2) * * * The installment method under section 453, the mark-to-market method under section 475, the amortization of bond premium under section 171, the percentage of completion method under section 460, the recurring item exception of § 1.461–5, and the income deferral method under section 455 are examples of special methods of accounting.* * *

* * * * *

Par. 3. Section 1.382–7 is amended by revising the third sentence of paragraph (a) to read as follows:

§ 1.382–7 Built in gains and losses.

(a) * * * Examples to which this paragraph (a) will apply include, but are not limited to, income received prior to the change date that is deferred under section 455 or Rev. Proc. 2004–34 (2004–1 CB 991 (June 1, 2004)) (or any successor revenue procedure) (see § 601.601(d)(2)(ii)(b)).

* * * * *

§ 1.451–5 [Removed]

Par. 4. Section 1.451–5 is removed.

§ 1.861–18 [Amended]

Par. 5. Section 1.861–18 is amended in paragraph (i)(4) by:

1. Removing *Example 2*;

2. Designating *Examples 1* and *3* as paragraphs (i)(4)(i) and (ii), respectively; and

3. In the heading for newly designated paragraph (i)(4)(ii), removing “3” and adding “2” in its place.

§ 1.6655–0 [Amended]

Par. 6. Section 1.6655–0 is amended by removing the entries for § 1.6655–

2(f)(3)(i) and (f)(3)(i)(A) and redesignating the entry for § 1.6655–2(f)(3)(i)(B) as § 1.6655–2(f)(3)(i).

§ 1.6655–2 [Amended]

Par. 7. Section 1.6655–2 is amended by removing paragraphs (f)(3)(i) heading and (f)(3)(i)(A) and redesignating (f)(3)(i)(B) as (f)(3)(i).

Par. 8. Section 1.6655–6 is amended in paragraph (c) by:

1. Revising the heading and introductory text;

2. Removing *Example 1*;

3. Designating *Example 2* as paragraph (c)(1) and revising the heading of newly designated paragraph (c)(1); and

3. Adding a reserved paragraph (c)(2).

The revisions read as follows:

§ 1.6655–6 Methods of accounting.

* * * * *

(c) *Example*. The following example illustrates the rules of this section:

(1) *Example*. * * *

* * * * *

PART 602 – OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT

Par. 9. Add an authority citation for part 602 to read as follows:

Authority: 26 U.S.C. 7805.

§ 602.101 [Amended]

Par. 10. Section 602.101 is amended by removing the entry for § 1.451–5 and the parenthetical authority citation at the end of the section.

Kirsten Wielobob,
Deputy Commissioner for Services and
Enforcement.

(Filed by the Office of the Federal Register on October 12, 2018, 8:45 a.m., and published in the issue of the Federal Register for October 15, 2018, 83 F.R. 51904)

Definition of Terms

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

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

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

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

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A

and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

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

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

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new

ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

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

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

Abbreviations

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

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.

ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.

PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

Numerical Finding List¹

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¹A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2018–01 through 2018–26 is in Internal Revenue Bulletin 2018–26, dated June 27, 2018.

Finding List of Current Actions on Previously Published Items¹

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¹A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2018–01 through 2018–26 is in Internal Revenue Bulletin 2018–26, dated June 27, 2018.

Internal Revenue Service

Washington, DC 20224

Official Business
Penalty for Private Use, \$300

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/*.

We Welcome Comments About the Internal Revenue Bulletin

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