

Internal Revenue bulletin

Bulletin No. 1998-26
June 29, 1998

HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

INCOME TAX

REG-106031-98, page 38.

Proposed regulations under section 864 of the Code relate to the treatment of foreign taxpayers trading in derivative financial instruments. A public hearing will be held on September 9, 1998.

EXEMPT ORGANIZATIONS

Announcement 98-56, page 44.

A list is given of organizations now classified as private foundations.

ADMINISTRATIVE

Rev. Proc. 98-37, page 6.

Reproduction of forms; Forms 1096, 1098, 1099, 5498, and W-2G. Requirements are set forth for reproduc-

ing paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G, and for furnishing substitute statements to form recipients. Rev. Proc. 97-32 superseded.

Rev. Proc. 98-39, page 36.

This procedure modifies Rev. Proc. 97-35, 1997-33 I.R.B. 11, to clarify that capitalization under section 263 of the Code applies to certain package design costs, and that Rev. Proc. 97-35 does not apply to costs of a package design that is "an amortizable section 197 intangible." Rev. Proc. 97-35 modified.

Announcement 98-55, page 41.

The Service announces proposed changes to the 1999 Forms W-2, Wage and Tax Statement, and W-3, Transmittal of Wage and Tax Statements.

Finding Lists begin on page 50.

Announcement of the Expedited Suspension of Attorneys, Certified Public Accountants, Enrolled Agents, and Enrolled Actuaries From Practice Before the Internal Revenue Service begins on page 47.



Department of the Treasury
Internal Revenue Service

Mission of the Service

The purpose of the Internal Revenue Service is to collect the proper amount of tax revenue at the least cost; serve the public by continually improving the quality of our prod-

ucts and services; and perform in a manner warranting the highest degree of public confidence in our integrity, efficiency, and fairness.

Statement of Principles of Internal Revenue Tax Administration

The function of the Internal Revenue Service is to administer the Internal Revenue Code. Tax policy for raising revenue is determined by Congress.

With this in mind, it is the duty of the Service to carry out that policy by correctly applying the laws enacted by Congress; to determine the reasonable meaning of various Code provisions in light of the Congressional purpose in enacting them; and to perform this work in a fair and impartial manner, with neither a government nor a taxpayer point of view.

At the heart of administration is interpretation of the Code. It is the responsibility of each person in the Service, charged with the duty of interpreting the law, to try to find the true meaning of the statutory provision and not to adopt a strained construction in the belief that he or she is "protecting the revenue." The revenue is properly protected only when we ascertain and apply the true meaning of the statute.

The Service also has the responsibility of applying and administering the law in a reasonable, practical manner. Issues should only be raised by examining officers when they have merit, never arbitrarily or for trading purposes. At the same time, the examining officer should never hesitate to raise a meritorious issue. It is also important that care be exercised not to raise an issue or to ask a court to adopt a position inconsistent with an established Service position.

Administration should be both reasonable and vigorous. It should be conducted with as little delay as possible and with great courtesy and considerateness. It should never try to overreach, and should be reasonable within the bounds of law and sound administration. It should, however, be vigorous in requiring compliance with law and it should be relentless in its attack on unreal tax devices and fraud.

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 and may be obtained from the Superintendent of Documents on a subscription basis. Bulletin contents of a permanent nature are consolidated semiannually into Cumulative Bulletins, which are sold on a single-copy basis.

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 proce-

dures 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 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.

With the exception of the Notice of Proposed Rulemaking and the disbarment and suspension list included in this part, none of these announcements are consolidated in the Cumulative Bulletins.

The first 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 first Bulletin of the succeeding semiannual period, respectively.

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.

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 197.—Amortization of Goodwill and Certain Other Intangibles

Rev. Proc. 97-35 is modified to make clear that capitalization under section 263 applies to certain package design costs, and that the revenue procedure does not apply to costs of a package design that is an amortizable section 197 intangible. See Rev. Proc. 98-39, page 36.

Section 220.—Medical Savings Accounts

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 263.—Capital Expenditures

Rev. Proc. 97-35 is modified to make clear that capitalization under section 263 applies to certain package design costs, and that the revenue procedure does not apply to costs of a package design that is an amortizable section 197 intangible. See Rev. Proc. 98-39, page 36.

Section 263A.—Capitalization and Inclusion in Inventory Costs of Certain Expenses

26 CFR 1.263A-2: Rules relating to property produced by the taxpayer.

Rev. Proc. 97-35 is modified to make clear that capitalization under section 263 applies to certain package design costs, and that the revenue procedure does not apply to costs of a package design that is an amortizable section 197 intangible. See Rev. Proc. 98-39, page 36.

Section 408.—Individual Retirement Accounts

26 CFR 1.408-5: Annual reports by trustees or issuers.

Specifications for paper substitutes for Form 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

26 CFR 1.408-7: Reports on distributions from individual retirement plans.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 408A.—Roth IRAs

Specifications for paper substitutes for Form 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6041.—Information at Source

26 CFR 1.6041-1: Return of information as to payments of \$600 or more.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

26 CFR 7.6041-1: Return of information as to payments of winnings from bingo, keno, and slot machines (Temporary).

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6041A.—Returns Regarding Payments of Remuneration for Services and Direct Sales

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6042.—Returns Regarding Payments of Dividends and Corporate Earnings and Profits

26 CFR 1.6042-2: Returns of information as to dividends paid in calendar years after 1962.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

26 CFR 1.6042-4: Statements to recipients of dividend payments.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6043.—Liquidating, Etc., Transactions

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6044.—Returns Regarding Payments of Patronage Dividends

26 CFR 1.6044-2: Returns of information as to payments of patronage dividends with respect to patronage occurring in taxable years beginning after 1962.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

26 CFR 1.6044-5: Statements to recipients of patronage dividends.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6045.—Returns of Brokers

26 CFR 1.6045-1: Returns of information of brokers and barter exchanges.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

26 CFR 5f.6045-1: Returns of information for brokers and barter exchanges (Temporary).

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

26 CFR 1.6045-2: Furnishing statement required with respect to certain substitute payments.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

26 CFR 1.6045-4: Information reporting on real estate transactions with dates of closing on or after January 1, 1991.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6047.—Information Relating to Certain Trusts and Annuity Plans

26 CFR 1.6047-1: Information to be furnished with regard to employee retirement plan covering an owner-employee.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6049.—Returns Regarding Payments of Interest

26 CFR 1.6049-4: Return of information as to interest paid and original issue discount includible in gross income after December 31, 1982.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

26 CFR 1.6049-6: Statements to recipients of interest payments and holders of obligations for attributed original issue discount.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

29 CFR 1.6049-7: Returns of information with respect to REMIC regular interests and collateralized debt obligations.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6050A.—Reporting Requirements of Certain Fishing Boat Operators

26 CFR 1.6050A-1: Reporting requirements of certain fishing boat operators.

Specifications for paper substitutes for Form 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6050B.—Returns Relating to Unemployment Compensation

26 CFR 1.6050B-1: Information returns by person making unemployment compensation payments.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6050D.—Returns Relating to Energy Grants and Financing

26 CFR 1.6050D-1: Information returns relating to energy grants and financing.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6050E.—State and Local Income Tax Refunds

26 CFR 1.6050E-1: Reporting of State and local income tax refunds.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498 and W-2G. See Rev. Proc. 98-37, page 6.

Section 6050H.—Returns Relating to Mortgage Interest Received in Trade or Business From Individuals

26 CFR 1.6050H-1: Information reporting of mortgage interest received in a trade or business from an individual.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

26 CFR 1.6050H-2: Time, form, and manner of reporting interest received on qualified mortgage.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6050J.—Returns Relating to Foreclosures and Abandonments of Security

26 CFR 1.6050J-1T: Questions and answers concerning information returns relating to foreclosures and abandonments of security (Temporary).

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6050N.—Returns Regarding Payments of Royalties

26 CFR 1.6050N-1: Statements to recipients of royalties.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6050P.—Returns Relating to the Cancellation of Indebtedness by Certain Entities

26 CFR 1.6050P-1: Information reporting for discharges of indebtedness by certain financial entities.

Specifications for paper substitutes for Forms 1096, 1098, 1099, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6050Q.—Certain Long-Term Care Benefits

Specifications for paper substitutes for Forms 1096, 1098, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6050R.—Returns Relating to Certain Purchases of Fish

Specifications for paper substitutes for Forms 1096, 1098, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Section 6050S.—Returns Relating to Higher Education Tuition and Related Expenses

Specifications for paper substitutes for Forms 1096, 1098, 5498, and W-2G. See Rev. Proc. 98-37, page 6.

Part III. Administrative, Procedural, and Miscellaneous

26 CFR 601.602: *Forms and instructions.*
 (Also Part I, Sections 220, 408, 408A, 6041, 6041A, 6042, 6043, 6044, 6045, 6047, 6049, 6050A, 6050B, 6050D, 6050E, 6050H, 6050J, 6050N, 6050P, 6050Q, 6050R, 6050S, 1.408-5, 1.408-7, 1.6041-1, 7.6041-1, 1.6042-2, 1.6042-4, 1.6044-2, 1.6044-5, 1.6045-1, 5f.6045-1, 1.6045-2, 1.6045-4, 1.6047-1, 1.6049-4, 1.6049-6, 1.6049-7, 1.6050A-1, 1.6050B-1, 1.6050D-1, 1.6050E-1, 1.6050H-1, 1.6050H-2, 1.6050J-1T, 1.6050N-1, 1.6050P-1).

Rev. Proc. 98-37

CONTENTS

PART A. GENERAL

- SECTION 1. PURPOSE
- SECTION 2. NATURE OF CHANGES
- SECTION 3. REQUIREMENTS FOR ACCEPTABLE SUBSTITUTE FORMS 1096, 1098, 1099, 5498, AND W-2G
- SECTION 4. DEFINITIONS
- SECTION 5. INSTRUCTIONS FOR PREPARING PAPER FORMS THAT WILL BE FILED WITH THE IRS (COPY A)
- SECTION 6. RESERVED
- SECTION 7. SUBSTITUTE STATEMENTS TO FORM RECIPIENTS AND FORM RECIPIENT COPIES

PART B. SPECIFICATIONS FOR SUBSTITUTE FORMS TO BE FILED WITH IRS (EXCEPT Form W-2G)

- SECTION 1. GENERAL
- SECTION 2. SPECIFICATIONS FOR FORM 1096 AND COPY A OF FORMS 1098, 1099, AND 5498

PART C. SPECIFICATIONS FOR SUBSTITUTE FORMS W-2G TO BE FILED WITH IRS

- SECTION 1. GENERAL
- SECTION 2. SPECIFICATIONS FOR COPY A OF FORMS W-2G

PART D. ADDITIONAL INSTRUCTIONS FOR FORMS 1098, 1099, 5498, AND W-2G

- SECTION 1. OTHER COPIES
- SECTION 2. OMB REQUIREMENTS
- SECTION 3. REPRODUCIBLE COPIES
- SECTION 4. EFFECT ON OTHER REVENUE PROCEDURES

PART E. EXHIBITS

- EXHIBIT A. Form 1098
- EXHIBIT B. Form 1098-E
- EXHIBIT C. Form 1098-T

- EXHIBIT D. Form 1099-A
- EXHIBIT E. Form 1099-B
- EXHIBIT F. Form 1099-C
- EXHIBIT G. Form 1099-DIV
- EXHIBIT H. Form 1099-G
- EXHIBIT I. Form 1099-INT
- EXHIBIT J. Form 1099-LTC
- EXHIBIT K. Form 1099-MISC
- EXHIBIT L. Form 1099-MSA
- EXHIBIT M. Form 1099-OID
- EXHIBIT N. Form 1099-PATR
- EXHIBIT O. Form 1099-R
- EXHIBIT P. Form 1099-S
- EXHIBIT Q. Form W-2G
- EXHIBIT R. Form 5498
- EXHIBIT S. Form 5498-MSA
- EXHIBIT T. Form 1096

PART A. GENERAL

SECTION 1. PURPOSE

.01 The purpose of this revenue procedure is to set forth the requirements for:

1. Using official Internal Revenue Service (IRS) forms to file information returns with the IRS,
2. Preparing acceptable substitutes of the official IRS forms to file information returns with the IRS, and
3. Using official or acceptable substitute forms to furnish information to a recipient.

This revenue procedure contains specifications for the following information returns:

- (a) Form 1098 Mortgage Interest Statement;
- (b) Form 1098-E Student Loan Interest Statement;
- (c) Form 1098-T Tuition Payments Statement;
- (d) Form 1099-A Acquisition or Abandonment of Secured Property;
- (e) Form 1099-B Proceeds From Broker and Barter Exchange Transactions;
- (f) Form 1099-C Cancellation of Debt;
- (g) Form 1099-DIV Dividends and Distributions;
- (h) Form 1099-G Certain Government Payments;
- (I) Form 1099-INT Interest Income;
- (j) Form 1099-LTC Long-Term Care and Accelerated Death Benefits;
- (k) Form 1099-MISC Miscellaneous Income;
- (l) Form 1099-MSA Distributions From Medical Savings Accounts;
- (m) Form 1099-OID Original Issue Discount;
- (n) Form 1099-PATR Taxable Distributions Received From Cooperatives;
- (o) Form 1099-R Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.;
- (p) Form 1099-S Proceeds From Real Estate Transactions;
- (q) Form W-2G Certain Gambling Winnings;
- (r) Form 5498 IRA Contribution Information;
- (s) Form 5498-MSA Medical Savings Account Information; and
- (t) Form 1096 Annual Summary and Transmittal of U.S. Information Returns.

.02 For the purpose of this revenue procedure, a substitute form or statement is one that is not printed by the IRS. For a substitute form or statement to be acceptable to the IRS, it must conform to the official form or the specifications outlined in this revenue procedure. **DO NOT SUBMIT ANY SUBSTITUTE FORMS OR STATEMENTS TO IRS FOR APPROVAL.** Private printers may not state "This is an IRS approved form." Further, only those forms that conform to the official form or comply with the specifications set forth herein are acceptable. See Part A, Section 7, for the specifications that apply to form recipient statements (generally Copy B).

.03 Filers who make payments to certain persons (payees) (or in some cases receive payments) during a calendar year are required by the Internal Revenue Code (IRC) to file information returns with the IRS reflecting these payments. Further, as discussed below, these filers must provide this information to their payees.

.04 In general, the manner in which a filer must file an information return is governed by section 6011 of the IRC. A filer must file information returns on magnetic media (including electronic filing) or on paper. Under section 6011 of the IRC, a filer who is required to file 250 or more information returns (of any one type except Form 1098-T) during a calendar year must file those returns on magnetic media. Filers required to file less than 250 returns during a calendar year may, but are not required to, file such information returns on magnetic media (small volume filers). The IRS explains these legal requirements for filing information returns (and providing a copy to a payee) in the annual publication of Instructions for Forms 1099, 1098, 5498, and W-2G. In addition, procedures are contained in Publication 1220, "Specifications for Filing Forms 1098, 1099, 5498, and W-2G Electronically."

.05 Copies of the official forms for the reporting year and the instruction booklet may be obtained by calling our toll-free number **1-800-TAX-FORM (1-800-829-3676)**.

.06 The IRS prints and provides the forms on which various payments must be reported. Alternatively, filers may prepare substitute copies of these IRS forms and use such forms to report payments to the IRS.

.07 IRS operates a centralized call site, in Martinsburg, West Virginia, to answer questions related to information returns, penalties, and backup withholding. The call site phone number is **304-263-8700**. The number for Telecommunications Device for the Deaf (TDD) is **304-267-3367**. These are not toll-free numbers.

.08 IRS has established a personal computer-based Information Reporting Program Bulletin Board System (IRP-BBS). This system provides information about forms and publications, including this revenue procedure, news of the latest changes, answers to questions, and other features. The IRP-BBS is available for public use and can be reached by dialing **304-264-7070**. The IRP-BBS is compatible with most modems. For more information concerning this system, call **304-263-8700 Monday through Friday 8:30 A.M. to 4:30 P.M. eastern time**.

SEC. 2. NATURE OF CHANGES

.01 The title of this publication has been changed by eliminating the word "Series". The new title is "Rules and Specifications for Private Printing of Substitute Forms 1096, 1098, 1099, 5498 and W-2G".

.02 Two new forms were developed for tax year 1998. They are Form 1098-E, Student Loan Interest Statement (Exhibit B); and Form 1098-T, Tuition Payments Statement (Exhibit C).

.03 Form 1099-DIV, Dividends and Distributions, has been completely revised. Box 1a, Gross dividends and other distributions on stock, was eliminated. The heading "Liquidation Distributions" above boxes 5 and 6 was eliminated. The new boxes and their titles are as follows:

- Box 1, Ordinary dividends
- Box 2a, Total capital gain distr.
- Box 2b, 28% rate gain
- Box 2c, Unrecap. sec. 1250 gain
- Box 2d, Section 1202 gain
- Box 3, Nontaxable distributions
- Box 4, Federal income tax withheld
- Box 5, Investment expenses
- Box 6, Foreign tax paid
- Box 7, Foreign country or U.S. possession
- Box 8, Cash liquidation distr.
- Box 9, Noncash liquidation distr.

.04 Form 5498 was retitled "IRA Contribution Information"; several box titles were changed; and several new boxes

were added. The box numbers and titles are as follows:

- Box 1, IRA contributions (other than amounts in boxes 2,3 and 7-10)
- Box 2, Rollover contributions
- Box 3, Roth conversion amount
- Box 4, Fair market value of account
- Box 5, Life insurance cost included in box 1
- Box 6, Check boxes for: IRA, SEP, SIMPLE, Roth IRA, Roth conversion, Ed IRA
- Box 7, SEP contributions
- Box 8, SIMPLE contributions
- Box 9, Roth IRA contributions
- Box 10, Ed IRA contributions

.05 Forms 1098-E, 1098-T and 1099-LTC have been added to the list of forms in Part A, Section 7.03(3) that require a telephone number on recipients' statements.

.06 The IRS mailing address in Part A, Sec. 3.01 has changed as follows:

Internal Revenue Service
Attn: IRP Coordinator, T:FS:S:P:S
5000 Ellin Road
Lanham, MD 20706

.07 A procedure was added which allows you to reverse the location of the policyholder's and insured's name, street address, city, state, and ZIP code for ease of mailing on Copy C of Form 1099-LTC. See Part A Section 3.02 and Section 7.03 (10).

.08 Procedures were added in Part A Section 7.03(9) which allows states to include an additional box(es) on substitute recipient statements for use by the state.

.09 The exhibits at the end of this publication have been realigned to include new Forms 1098-E and 1098-T.

SEC. 3 REQUIREMENTS FOR ACCEPTABLE SUBSTITUTE FORMS 1096, 1098, 1099, 5498, and W-2G

.01 Paper substitutes for Form 1096 and Copy A of Forms 1098, 1099, 5498, and W-2G that totally conform to the specifications contained in this revenue procedure may be privately printed and filed as returns with the IRS. The reference to the Department of the Treasury - Internal Revenue Service should be included on all such forms. If you are uncertain of any specification set forth herein and want that specification clarified, you may submit a letter citing the

specification in question, giving your understanding and interpretation of the specification, and enclosing an example of the form (if appropriate) to:

Internal Revenue Service

ATTN: IRP Coordinator – T:FS:S:P:S

5000 Ellin Road

Lanham, MD 20706

NOTE: Allow at least 45 days for the IRS to respond.

.02 Copy B (Form 1098 – For Payer, Form 1098–E – For Borrower, Form 1098–T – For Student, Form 1099–A – For Borrower, Form 1099–C – For Debtor, Form 1099–LTC – For Policyholder, Form 1099–S – For Transferor, Other Forms 1099 – For Recipient, Forms 5498 and 5498–MSA – For Participant, and Forms W–2G and 1099–R – To Be Attached To the Federal Income Tax Return); and Copy C- (Form 1099–R – For Recipient’s Records, Form W–2G – For Winner’s Records and, Form 1099–LTC – For Insured) must contain the information specified in Part A, Section 7 in order to constitute a “statement” or “official form” under the applicable provisions of the Internal Revenue Code. The format of this information is at the discretion of the filer with the exception of the location of the tax year, form number and form name specified in Part A, Section 7.01(6) and 7.03(1) and composite Form 1099 statements specified in PART A, Section 7.02.

Note: On Copy C, Form 1099–LTC, you may reverse the location of the policyholder’s name, street address, city, state, and ZIP code with the location of the insured’s name, street address, city, state, and ZIP code for ease in mailing.

.03 Forms 1096, 1098, 1099, 5498, and W–2G are subject to annual review and possible change. Therefore, filers are cautioned against overstocking supplies of privately printed substitutes. **THE SPECIFICATIONS CONTAINED IN THIS REVENUE PROCEDURE APPLY TO 1998 FORMS ONLY.**

.04 Proposed substitutes for Copy A that do not conform to the specifications in this revenue procedure are not acceptable. Further, if you file such forms with IRS, you may be subject to a penalty for failure to file an information return under section 6721 of the Internal Revenue Code (IRC). Generally, the penalty is \$50 for each failure to file a form (up to \$250,000) that the IRS cannot accept as a

return because it does not meet the provisions in this revenue procedure. No IRS office is authorized to allow deviations from this revenue procedure.

SEC. 4. DEFINITIONS

.01 The term “form recipient” means the person to whom you are required by law to furnish a copy of the official form or information statement: *i.e.*, for Form 1098, the recipient is the “payer/borrower”; Form 1098–E, the “borrower”; Form 1098–T, the “student”; Form 1099–A, the “borrower”; Form 1099–C, the “debtor”; Form 1099–LTC, “the policyholder” and the insured”; Form 1099–S, the “transferor”; other Forms 1099, the payment recipient; Forms 5498 and 5498–MSA, the “participant”; and Form W–2G, the “winner.”

.02 The term “filer” means the person or organization required by law to file a form listed in Part A, Section 1.01 with the IRS. Thus, a filer may be a payer, a creditor, a recipient of mortgage or student loan interest payments, an educational institution, a broker, a barter exchange, a person reporting real estate transactions, a trustee or issuer of any individual retirement arrangement or medical savings account, or a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned.

.03 The term “substitute form” means a paper substitute of Copy A of an official form listed in Part A, Section 1.01 that totally conforms to the provisions in this revenue procedure.

.04 The term “substitute form recipient statement” means a paper statement of the information reported on a form listed in PART A, Section 1.01 that must be furnished to a person (form recipient), as so defined under the applicable provisions of the Internal Revenue Code and the applicable regulations.

.05 A composite substitute statement is one in which two or more required statements (e.g., Forms 1099–INT and 1099–DIV) are furnished to the recipient on one document. However, each statement must be separately designated and must contain all the requisite Form 1099 information except as provided in Part A, Section 7. A composite statement **MAY NOT** be filed with the IRS. See Part A, Section 7.02 and 7.04 for more information on composite statements.

SEC. 5. INSTRUCTIONS FOR PREPARING PAPER FORMS THAT WILL BE FILED WITH THE IRS (Copy A)

.01 The form recipient’s name, street address, city, state, and ZIP code information should be **TYPED OR MACHINE PRINTED IN BLACK INK** in the same format as shown on the official IRS form. Although handwritten forms will be accepted, in order for IRS to process the submitted forms in the most economical manner, the IRS prefers that filers **TYPE OR MACHINE PRINT** data entries. In addition, filers should insert data in the *middle of blocks* well separated from other printing and guidelines, and take other measures to guarantee a clear, dark black, sharp image. Carbon copies and photocopies are not acceptable. The city, state, and ZIP code must be on the same line.

.02 The name of the appropriate form recipient must be shown on the first or second name line in the area on the form provided for the form recipient’s name. No descriptive information or other name may precede the form recipient’s name. Only **ONE** form recipient’s name may appear on the first name line of the form. If the names of multiple recipients must be set forth on the form, on the first name line insert the recipient name that corresponds to the recipient taxpayer identification number (TIN) shown on the form. Place the other form recipients’ names on the succeeding name line (up to 2 name lines are allowable). Because certain states require that trust accounts be provided in a different format, *generally* filers should provide information returns reflecting payments to trust accounts with (1) the trust’s employer identification number (EIN) in the recipient’s TIN area, (2) the trust’s name on the recipient’s first name line, and (3) the name of the trustee on the recipient’s second name line.

.03 You should use the **account number** box for an account number designation. This number must not appear anywhere else on the form, and this box may not be used for any other item. Showing the account number is optional. However, it may be to your benefit to include the recipient’s account number or designation on paper documents if your system of records uses the account number or

designation in conjunction with, or rather than, the name, social security number, or employer identification number for identification purposes. If you furnish the account number, the IRS will include it in future notices to you about backup withholding. If you use window envelopes and reduced rate mail to mail statements to recipients, be sure the account number does not appear in the window. Otherwise the Postal Service may not accept them for mailing.

.04 Machine printed forms should be printed using a 6 lines/inch option, and should be printed in 10 pitch pica (*i.e.*, 10 print positions per inch) or 12 pitch elite (*i.e.*, 12 print positions per inch). Proportional spaced fonts are unacceptable.

.05 **DO NOT** use a felt tip marker. The machine used to “read” paper forms generally cannot “read” this ink type.

.06 Substitute forms prepared in continuous or strip form must be burst and stripped to conform to the size specified for a single sheet before they are filed with IRS. The size specified *does not include pinfeed holes*. Pinfeed holes **MUST NOT** be present on forms filed with the IRS.

.07 Use decimal points to indicate dollars and cents. **DO NOT** use dollar signs (\$), ampersands (&), asterisks (*), commas (,), or other special characters in the numbered money boxes. Example: 2000.00 is acceptable.

.08 **DO NOT FOLD** Forms 1096, 1098, 1099, or 5498 being mailed to IRS. Mail these forms flat in an appropriately sized envelope or box. Folded documents cannot be readily moved through the scanner transport used in IRS processing.

.09 **DO NOT STAPLE** Forms 1096 to the returns being transmitted. Staple holes in the vicinity of the return code number reduce the IRS’s ability to machine scan the type of documents.

.10 **DO NOT** type other information on Copy A. **DO NOT** cut or separate the individual forms on the sheet of forms of Copy A (except Forms W-2G).

.11 Mail completed paper forms to the IRS service center specified on the back of Form 1096 and in the 1998 “Instructions for Forms 1099, 1098, 5498, and W-2G.” Specific information needed to complete the forms in this revenue procedure is given in those instructions. A chart is included in those instructions giv-

ing a quick guide to which form must be filed to report a particular payment.

SEC. 6. RESERVED

SEC. 7. SUBSTITUTE STATEMENTS TO FORM RECIPIENTS AND FORM RECIPIENT COPIES

If you do not use the official IRS form to furnish statements to recipients, you must furnish an acceptable substitute statement. To be acceptable, your substitute statement must comply with the rules in this section. In general, see Regulations sections 1.6042-4, 1.6044-5, 1.6049-6, and 1.6050N-1 on the manner in which certain statements must be provided to recipients (statement mailing requirements for most Forms 1099-DIV and 1099-INT, all Forms 1099-OID and 1099-PATR, and Form 1099-MISC or 1099-S for royalties). Note: A trustee of a grantor-type trust may choose to file Forms 1099 and furnish a statement to the grantor under Regulations section 1.671-4(b)(2)(iii) and (b)(3)(ii). The statement required by those regulations is not subject to the requirements in this Section 7.

.01 **SUBSTITUTE STATEMENTS TO RECIPIENTS** – Forms 1099-INT (except for interest reportable under section 6041), 1099-DIV (except for section 404(k) dividends), 1099-OID, and 1099-PATR **ONLY**. You may furnish form recipients with Copy B of the official Form 1099-INT, DIV, OID, or PATR or a substitute Form 1099 (form recipient statement) if it contains the same language as that of the official IRS form (such as aggregate amounts paid to the form recipient, any backup withholding, the name, address, and TIN of the person making the return, and any other information required by the official form). Information not required by the official form should not be included on the substitute form except state tax withholding information. You may enter a total of the individual accounts listed on the form only if they have been paid by the same payer. For example, if you are listing interest paid on several accounts by one financial institution on **Form 1099-INT**, you may also enter the total interest amount. You may also enter a date next to the corrected box if that box is checked.

A substitute form recipient statement for **Forms 1099-INT, 1099-DIV,**

1099-OID, or 1099-PATR must comply with the following requirements.

(1) Box captions and numbers that are applicable must be clearly identified, using the same wording and numbering as on the official form. However on **Form 1099-INT**, if box 3 is not on your substitute form, you may drop “not included in box 3” from the box 1 caption.

(2) The form recipient statement must contain all applicable form recipient instructions provided on the front and back of the official IRS form. Those instructions may be provided on a separate sheet of paper.

(3) The form recipient statement must contain the following statement in bold and conspicuous type, “**This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.**”

(4) The box caption “**Federal income tax withheld**” must be in bold face type on the form recipient statement.

(5) The form recipient statement must contain the Office of Management and Budget (OMB) number as shown on the official IRS form. See Part D, Section 2.

(6) The form recipient statement must contain the tax year 1998, form number (e.g., Form 1099-INT), and form name (e.g., Interest Income) of the official IRS Form 1099 for which it substitutes prominently displayed together in one area of the statement. For example, the tax year, form number, and form name could be shown in the upper right part of the statement. Each copy must be appropriately labeled (such as Copy B, For Recipient) (see Part D, Section 1.02 for applicable labels and arrangement of assembly of forms). **NOTE:** **DO NOT** include the words “Substitute for” or “In lieu of” on the form recipient statement.

(7) Layout and format of the form is at the discretion of the filer. However, IRS encourages the use of statements with boxes so that the statement has the appearance of a form and can be easily distinguished from other nontax statements.

(8) Each Form 1099-DIV; 1099-INT; 1099-OID; and 1099-PATR recipient statement must include the telephone number of a person to contact: **The tele-**

phone number must be conspicuous but may appear anywhere on the recipient statement.

(9) Until new regulations are issued, the IRS will not assess penalties for the use of a logo (including the name of the payer in any typeface, font, or stylized fashion and/or a symbolic icon) or slogan on a statement to a recipient if the logo or slogan is used by the payer in the ordinary course of its trade or business. In addition, use of the logo or slogan must not make it less likely that a reasonable payee will recognize the importance of the statement for tax reporting purposes.

(10) A mutual fund family may separately state on one document (*e.g.*, one piece of paper) the dividend income earned by a recipient from each fund within the family of funds as required by Form 1099-DIV. However, each fund and its earnings must be separately stated. The form must contain an instruction to the recipient that each fund's dividends and name, not the name of the mutual fund family, must be reported on the recipient's tax return. **The form cannot contain an aggregate total of all funds.** In addition, a mutual fund family may furnish a single statement (as a single filer) for Forms 1099-INT, DIV, and OID information. Each fund and its earnings must be separately stated. The form must contain an instruction to the recipient that each fund's earnings and name, not the name of the mutual fund family, must be reported on the recipient's tax return. **The form cannot contain an aggregate total of all funds.**

.02 COMPOSITE SUBSTITUTE STATEMENTS – FORMS 1099-INT (except for interest reportable under section 6041), 1099-DIV (except for section 404(k) dividends), 1099-OID, 1099-PATR, FORM 1099-MISC (FOR ROYALTIES ONLY), AND FORM 1099-S (FOR ROYALTIES ONLY). – A composite form recipient statement is permitted for reportable payments of interest, dividends, original issue discount, patronage dividends, and royalties (Forms 1099-INT, DIV, MISC (for royalties only) OID, PATR or S (for royalties only) when one payer is reporting more than one of these payments during a calendar year to the same form recipient. Generally, do not include any other Form 1099 information (*e.g.*, 1098 or 1099-A) on a

composite statement with the information required on the forms listed in the preceding sentence. **Exception:** A filer may include Form 1099-B information on a composite form with the forms listed above. Although the composite form recipient statement may be on one sheet, the format of the composite form recipient statement must satisfy the following requirements in addition to the requirements listed in Section 7.01 above.

(1) All information pertaining to a particular type of payment must be located and blocked together on the form and must be separate from any information covering other types of payments included on the form. For example, if you are reporting interest and dividends, the Form 1099-INT information must be presented separately from the Form 1099-DIV information.

(2) The tax year, form number, and form name of the official IRS form for which the composite form recipient statement substitutes must be prominently displayed together in one area at the beginning of each appropriate block of information.

(3) Any information required by the official IRS forms that would otherwise be repeated in each information block is only required to be listed once in the first information block on the composite form. For example, there is no requirement to report the name of the filer in each information block. This rule does not apply to any money amounts, *e.g.*, Federal income tax withheld, or to any other information that applies to money amounts.

(4) A composite statement shall be considered an acceptable substitute only if the type of payment and the recipient's tax obligation with respect to the payment are no less clear than if each required statement were furnished separately on an official form.

.03 SUBSTITUTE STATEMENTS TO RECIPIENTS – FORMS 1098, 1098-E, 1098-T, 1099-A, 1099-B, 1099-C, 1099-G, 1099-LTC, 1099-MISC, 1099-MSA, 1099-R, 1099-S, 5498, 5498-MSA, W-2G, AND CERTAIN FORMS 1099-INT AND 1099-DIV. Statements to form recipients for Forms 1098, 1098-E, 1098-T, 1099-A, 1099-B, 1099-C, 1099-G, 1099-LTC, 1099-MISC, 1099-MSA, 1099-R, 1099-S, 5498, 5498-MSA, 1099-DIV only for

section 404(k) dividends reportable under section 6047, and 1099-INT only for interest of \$600 or more made in the course of a trade or business reportable under section 6041 can be copies of the official forms or an acceptable substitute. If you do not use the official form as the form recipient statement, to be acceptable, the substitute recipient statement must meet the following requirements:

(1) The tax year, form number, and form name must be the same as the official form, and must be prominently displayed together in one area of the statement. For example, they may be shown in the upper right part of the statement.

(2) The filer's and the form recipient's identifying information required on the official IRS form must be included.

(3) Each substitute recipient statement for Forms W-2G; 1098; 1098-E; 1098-T; 1099-A; 1099-B; 1099-DIV; 1099-G (excluding state and local income tax refunds); 1099-INT; 1099-LTC; 1099-MISC (excluding fishing boat proceeds); 1099-OID; 1099-PATR; and 1099-S must include the telephone number of a person to contact. **The telephone number must be conspicuous but may appear anywhere on the recipient statement.** Although not required, payers reporting on Forms 1099-C, 1099-MSA, 1099-R, 5498 and 5498-MSA are encouraged to furnish telephone numbers.

(4) All applicable money amounts and information, including box numbers, required to be reported to the form recipient must be titled on the form recipient statement in substantially the same manner as those on the official IRS form. The box caption "**Federal income tax withheld**" must be in bold face type on the form recipient statement. **Exception:** If you are reporting a payment as "Other income" in box 3 of Form 1099-MISC, you may substitute appropriate explanatory language for the box title. For example, for payments of accrued wages and leave to a beneficiary of a deceased employee, you might change the title of box 3 to "Beneficiary payments" or something similar. **(You cannot make this change on Copy A.)**

(5) Appropriate instructions to the form recipient, similar to those on the official IRS form, must be provided to aid in the proper reporting of the items on the form recipient's income tax return. For

payments reported on **Form 1099-B**, the requirement to include instructions that are substantially similar to those on the official IRS form may be satisfied by providing form recipients with a single set of instructions with respect to all forms 1099-B statements required to be furnished in a calendar year. **NOTE:** If Federal income tax is withheld and shown on **Form 1099-R or W-2G**, Copy B (to be attached to the tax return) and Copy C (for recipient's/winner's records) *must* be furnished to the recipient. If Federal income tax is not withheld, only Copy C of Forms 1099-R and W-2G is required to be furnished. However, for Form 1099-R, instructions similar to those contained on the back of the official Copy B and Copy C of **Form 1099-R** must be furnished to the recipient. For convenience, you may choose to provide both Copies B and C of Form 1099-R to the recipient.

(6) The quality of carbon used to produce statements to recipients must meet the following standards:

(a) all copies must be **CLEARLY LEGIBLE**;

(b) all copies must have the capability to be photocopied;

(c) fading must not be of such a degree as to preclude legibility and the ability to photocopy. In general, black chemical transfer inks are preferred; other colors are permitted only if the above standards are met. Hot wax and cold carbon spots are *NOT* permitted on any of the internal form plies. These spots are permitted on the back of a mailer top envelope ply.

(7) A mutual fund family may separately state on one document (*e.g.*, one piece of paper) the **Form 1099-B** information for a recipient from each fund as required by **Form 1099-B**. However, the gross proceeds, *etc.*, from each transaction within a fund must be separately stated. The form must contain an instruction to the recipient that each fund's amount and name, not the name of the mutual fund family, must be reported on the recipient's tax return. The form cannot contain an aggregate total of all funds.

(8) For **Form 1099-S**, you may use a Uniform Settlement Statement under the Real Estate Settlement Procedures Act of 1974 (RESPA) as the written statement to the transferor if it is conformed by includ-

ing on the statement the legend described in (12)(i) below and by designating which information on the Uniform Settlement Statement is being reported to IRS on **Form 1099-S**.

(9) For reporting state income tax withholding and state payments, states may add an additional box(es) to their recipient copies as appropriate (**You cannot make this change on Copy A.**)

(10) On Copy C, **Form 1099-LTC**, you may reverse the location of the policyholder's name, street address, city, state, and ZIP code with the location of the insured's name, street address, city, state, and ZIP code for ease in mailing.

(11) Logos are permitted on substitute recipient statements for the forms listed in Section 7.03.

(12) Form recipient statements must contain the following legends:

(a) **Form 1098**—(i) “The information in boxes 1, 2 and 3 is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points or because you did not report this refund of interest on your return.” (ii) “The amount shown may not be fully deductible by you on your Federal income tax return. Limitations based on the cost and value of the secured property may apply. In addition, you may only deduct an amount of mortgage interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.”

(b) **Form 1098-E**—“This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for student loan interest.”

(c) **Form 1098-T**—“This is important tax information and is being furnished to the Internal Revenue Service.”

(d) **Forms 1099-A and 1099-C**—“This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanc-

tion may be imposed on you if taxable income results from this transaction and the IRS determines that it has not been reported.”

(e) **Forms 1099-B, 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, and W-2G (Copy C)**—“This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.” Copy B of **Form W-2G** must state “This information is being furnished to the Internal Revenue Service. Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 2, attach this copy to your return.”

(f) **Form 1099-LTC, Copy B**—“This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.” **Copy C**—“Copy C is provided to you for information only. Only the policyholder is required to report this information on a tax return.”

(g) **Form 1099-MSA**—“This information is being furnished to the Internal Revenue Service.”

(h) **Form 1099-R, Copy B**—“Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 4, attach this copy to your return.” “This information is being furnished to the Internal Revenue Service.” **Copy C**—“This information is being furnished to the Internal Revenue Service.”

(i) **Form 1099-S**—“This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.”

(j) **Form 5498**—“This information is being furnished to the Internal Revenue Service.” **Note:** If you do not furnish another statement to the participant because no contributions were made for the year, the statement of the fair market value of

the account must contain this legend and a designation of which information is being furnished to the Internal Revenue Service.

(k) **Form 5498-MSA**—"The information in boxes 1 through 5 is being furnished to the Internal Revenue Service."

.04 **COMPOSITE SUBSTITUTE STATEMENT – FORMS SPECIFIED IN 7.03 ONLY.**—A composite form recipient statement for forms specified in 7.03 is permitted when one filer is reporting more than one type of payment during a calendar year to the same form recipient. A composite statement is not allowable for a combination of forms listed in 7.01 and forms listed in 7.03 except that a filer may report **Form 1099-B** information on a composite form with the forms listed in 7.01 as described in 7.02. In addition, royalties reported on Form 1099-MISC or 1099-S may be reported on a composite form only with forms listed in 7.01. Although the composite form recipient statement may be on one sheet, the format of the composite form recipient statement must satisfy the requirements listed in 7.02 above in addition to the requirements specified in 7.03. A composite statement of **Forms 1098 and 1099-INT** (for interest reportable under section 6049) IS NOT ALLOWABLE.

PART B—SPECIFICATIONS FOR SUBSTITUTE FORMS TO BE FILED WITH IRS (EXCEPT Form W-2G)

SEC. 1. GENERAL

.01 The following specifications prescribe the format requirements for **Forms 1096** and Copy A of **Forms 1098, 1099, and 5498.** (See Part C for Form W-2G specifications.)

.02 The form identifying number (e.g., 9191 for **Form 1099-DIV**) must be printed in nonreflective black carbon-based ink in print positions 15 through 19 using an OCR A font. The check boxes located to the right of the form identifying number must be 10-point boxes, the void check box is in print position 25 and the corrected check box in position 33. These measurements are from the left edge of the paper, not including the perforated strip.

SEC. 2. SPECIFICATIONS FOR FORM 1096 AND COPY A OF FORMS 1098, 1099 AND 5498

.01 The substitute form must be an exact replica of the official IRS form with respect to layout and content. **NOTE:** To determine the correct form measurements, see Exhibits A through T at the end of this publication. Hot wax and cold carbon spots are not permitted on any of the internal form plies. These spots are permitted on the back of a mailer top envelope ply. Use of chemical transfer paper for Copy A is acceptable. The Government Printing Office (GPO) symbol must be deleted.

.02 Color and quality of paper for Copy A (cut sheets and continuous pin-feed forms) as specified by JCP Code 0-25, dated November 29, 1978, must be white 100% bleached chemical wood, optical character recognition (OCR) bond produced in accordance with the following specifications:

NOTE: Reclaimed fiber in any percentage is permitted provided the requirements of this standard are met.

- (1) Acidity: Ph value, average, not less than 4.5
- (2) Basis Weight 17 × 22 500 cut sheets 18–20 Metric equivalent—g/m² 75 A Tolerance of ±5 pct. shall be allowed.
- (3) Stiffness: Average, each direction, not less than—milligrams 50
- (4) Tearing strength: Average, each direction, not less than—grams 40
- (5) Opacity: Average, not less than—percent 82
- (6) Thickness: Average—inch—0.0038 Metric equivalent—mm—0.097 A tolerance of +0.0005 inch (0.0127 mm) shall be allowed. Paper shall not vary more than 0.0004 inch (0.0102 mm) from one edge to the other.
- (7) Porosity: Average, not less than—seconds 10
- (8) Finish (smoothness): Average, each side—seconds 20–55 For information only, the Sheffield equivalent—units 170–100

- (9) Dirt: Average, each side, not to exceed—parts per million 8

.03 All printing on Copy A of Forms 1098, 1099, 5498 and the printing on Form 1096 above the statement: **"Please return this entire page to the Internal Revenue Service. Photocopies are NOT acceptable."** must be in red OCR dropout ink, Flint J-6983 (formerly Sinclair-Valentine) or an exact match, except for the 4-digit form identifying numbers, which must be printed in non-reflective carbon-based black ink. The shaded areas of any substitute form should generally correspond to that present on the official form. All printing including and below the Form 1096 statement may be in any shade or tone of black ink. Black ink should only appear on the lower portion of the reverse side of **Form 1096** where it would not bleed through and interfere with scanning. **NOTE:** The instructions on the back of Form 1096, which include filing addresses, **must be printed.** The instructions to filers printed on the back of the copy designated for the Payer, Recipient for Form 1098 and 1098-E, Lender for Form 1099-A, Creditor for Form 1099-C, Filer for Form 1098-T and 1099-S, or Trustee or Issuer for Forms 5498 and Form 5498-MSA, may be printed in any ink color or tone. Separation between fields must be 0.1 inch. Other than the Form 1099-R, the numbered captions are printed as a solid with no shaded background. Other printing requirements are discussed below.

OCR Specifications

The contractor must have or initiate a quality control program to assure OCR ink density. In addition, the contractor must have access to either a MacBeth PCM-II tester or a Kidder 082A tester to evaluate the ink at regular intervals throughout a shift.

Paper and Ink

Readings will be made when printed on approved 20 lb. white OCR bond with a reflectance of not less than 80%. Black ink used must not have a reflectance greater than 15%. These readings are based on requirements of the "Scan-Optics Series 9000" Optical Scanner using Flint Ink (Formerly known as Sinclair - Valentine J-6983 red ink) or equal.

MacBeth PCM II Tester

The tested Print Contrast Signal (PCS) values when using the MacBeth PCM-II tester on the "C" scale must range from .01 minimum to .06 maximum.

Kidder 082A Tester

The tested Print Contrast Signal (PCS) values when using the Kidder 082A tester on the Infra Red (IR) scale must range from .12 minimum to .21 maximum. White calibration disc must be 100%, sensitivity must be set at one (1).

Alternative Tester

If an alternative tester is used it must be approved by the Government so that tested (PCS) values can be established with this equipment. Approval may be obtained by writing to the following address:

Commissioner of Internal Revenue
Attn: HR:F:P:P Room 1237
Tax Forms Procurement Analyst
1111 Constitution Avenue, NW
Washington, DC 20224

.04 **Typography** – Type must be substantially identical in size and shape with corresponding type on the official form. All rules are either ½-point or ¾-point. Rules must be identical to that on the official IRS form. **NOTE:** The form identifying number must be nonreflective carbon-based black ink in OCR A Font.

.05 **Dimension** – Three Forms 1098, 1099, or 5498 (Copy A) are contained on a single page, except Form 1099–R, which contains two documents per page, which is 8 inches wide (exclusive of any snap-stubs and/or pinfeed holes) by 11 inches deep. There is a .33 inch top margin from the top of the corrected box, and there is a .25 inch right margin. There is a 1/32" (0.0313") tolerance for the right margin. These measurements are constant for all **Forms 1098, 1099 and 5498**. The measurements will be shown only once in the exhibit section of this publication, on the **Form 1098**. Exceptions to these measurements will be shown on the remainder of exhibits. If the right and top margins are properly aligned, the left margin for all forms will be correct. All margins must be free of all printing. See Exhibits A through T in this publication for the correct form measurements.

.06 The depth of the individual trim size of each form on a page must be the same as that of the official form (3 ⅔ inches, except 5 ½ inches for Form 1099–R).

.07 The words "For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 *Instructions for Forms 1099, 1098, 5498, and W-2G*" **must** be printed on Copy A. The words "For more information and the Paperwork Reduction Act Notice, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G" **must** be printed on Form 1096.

.08 The OMB Number **must** be printed on Copies A and Form 1096 in the same location as that on the official form.

.09 *Privately printed continuous substitute forms (Copy A) must be perforated at each 11" (3 per page, or 2 per page for 1099–R) page depth. No perforations are allowed between the 3-²/₃" forms (or 5-¹/₂" for Form 1099–R) on a single copy page of Copy A.*

.10 The words "**Do NOT Cut or Separate Forms on This Page**" must be printed in red dropout ink (as required by form specifications) between the three forms, or two forms for **Forms 1099–R**. **NOTE:** Perforations are required between all the other individual copies (Copies B and C, and Copies 1 and 2 for **Form 1099–R and Form 1099–MISC**, and Copy D for **Form 1099–R**) included in the set.

.11 Chemical transfer paper is permitted for Copy A only if the following standards are met:

(1) Only chemically backed paper is acceptable for Copy A.

(2) Carbon coated forms are not permitted. Front and back chemically treated paper cannot be processed properly by machine.

(3) Chemically transferred images must be black in color.

.12 Hot wax and cold carbon spots are NOT permitted for Copy A. Interleaved carbon should be black and must be of good quality to assure legibility of information on all copies to preclude smudging. All copies must be **CLEARLY LEGIBLE**. Fading must not be of such a degree as to preclude legibility.

.13 **Printer's symbol**—The GPO symbol must not be printed on substitute Copy A. Instead, the employer identifica-

tion number (EIN) of the forms printer must be entered in the bottom margin on the face of each individual form of Copy A, or the bottom margin on the reverse side of each Form 1096. **THE FORM MUST NOT CONTAIN THE STATEMENT "IRS APPROVED."**

.14 A postal indicia may be used if it meets the following criteria: a) it is printed in the OCR ink color prescribed for the form; and b) no part of the indicia is within 1 print position of the scannable area.

.15 The Catalog Number (Cat. No.) shown on the 1998 forms is used for IRS distribution purposes and need not be printed on any substitute forms.

PART C. SPECIFICATIONS FOR SUBSTITUTE FORMS W-2G TO BE FILED WITH IRS

SEC. 1. GENERAL

.01 The following specifications prescribe the format requirements for **Form W-2G—COPY A ONLY**.

.02 A filer may file a substitute **Form W-2G** with the IRS (hereinafter referred to as "substitute Copy A"). The substitute form (filed with the IRS) must be an exact replica of the official form with respect to layout and contents.

SEC. 2. SPECIFICATIONS FOR COPY A OF FORMS W-2G

.01 **Color and Quality of Paper**—Paper for Copy A must be white chemical wood bond, or equivalent, 20 pound (basis 17 × 22–500), plus or minus 5 percent. The paper must consist substantially of bleached chemical wood pulp and be free from unbleached or ground wood pulp or recycled printed paper. It also must be suitably sized to accept ink without feathering.

.02 **Color and Quality of Ink**—All printing must be in a high quality non-gloss black ink. Bar codes should be free from picks and voids.

.03 **Typography**—The type must be substantially identical in size and shape with that on the official form. All rules on the document are either ½ point (.007 inch), 1 point (0.015 inch), or 3 point (0.045). Vertical rules must be parallel to the left edge of the document; horizontal rules, to the top edge.

.04 Dimensions—The official form is 8 inches wide x 3- $\frac{1}{2}$ inches deep, exclusive of a $\frac{1}{8}$ inch snap stub on the left side of the form. The snap feature is not required on substitutes. The top and right margins must be $\frac{1}{4}$ inch plus or minus .0313. If the top and right margins are properly aligned, the left margin for all forms will be correct. All margins must be free of any printing. If the substitute forms are in continuous or strip form, they must be burst and stripped to conform to the size specified for a single form.

(1) The width of a substitute Copy A must be 8 inches. The left margin must be free of all printing other than that shown on the official form.

(2) The depth of a substitute Copy A must be 3- $\frac{1}{2}$ inches.

.05 Hot wax and cold carbon spots are not permitted on any of the internal form plies. These spots are permitted on the back of a mailer top envelope ply. Interleaved carbons, if used, should be black and of good quality to preclude smudging.

.06 Printer's Symbol—The Government Printing Office (GPO) symbol must not be printed on substitute Forms W-2G. Instead the employer identification number (EIN) of the forms printer must be printed in the bottom margin on the face of each individual form of Copy A of such substitute forms. The form must not contain the statement "IRS approved."

.07 The Catalog Number (Cat. No.) shown on the 1998 Form W-2G is used for IRS distribution purposes and need not be printed on any substitute forms.

PART D. ADDITIONAL INSTRUCTIONS FOR FORMS 1098, 1099, 5498, AND W-2G

SEC. 1. OTHER COPIES

.01 Copies B, C, and in some cases D, 1, and 2, are included in the official assembly for the convenience of the filer. There is no legal requirement that privately printed substitute forms include all these copies. Copies B, and in some cases Copies C, will satisfy the requirement of the law and regulations concerning the statement of information that is required to be furnished to the form recipient. **NOTE:** If an amount of Federal income tax withheld is shown on **Form W-2G or**

1099-R, Copy B (to be attached to the tax return) and Copy C **must** be furnished to the recipient. Copy D (**Forms 1099-R and W-2G**) may be desired as a filer record copy. Only Copy A should be filed with the IRS.

.02 Arrangement of Assembly- The parts of the assembly must be arranged, from top to bottom, as follows: (a) All forms-Copy A "For Internal Revenue Service Center." (b) Form 1098 - Copy B "For Payer"; Copy C "For Recipient." (c) Form 1098-E - Copy B "For Borrower"; Copy C "For Recipient." (d) Form 1098-T - Copy B "For Student"; Copy C "For Filer." (e) Form 1099-A - Copy B "For Borrower"; Copy C "For Lender." (f) Forms 1099-B, 1099-DIV, 1099-G, 1099-INT, 1099-MSA, 1099-OID, and 1099-PATR - Copy B "For Recipient"; Copy C "For Payer." (g) Form 1099-C - Copy B "For Debtor"; Copy C "For Creditor." (h) Form 1099-LTC - Copy B "For Policyholder"; Copy C "For Insured" and Copy D "For Payer." (i) Form 1099-MISC - Copy 1 "For State Tax Department"; Copy B "For Recipient"; Copy 2 "To be filed with recipient's state income tax return, when required."; Copy C "For Payer." (j) Form 1099-R - Copy 1 "For State, City, or Local Tax Department"; Copy B "Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 4, attach this copy to your return."; Copy C "For Recipient's Records"; Copy 2 "File this copy with your state, city, or local income tax return, when required."; Copy D "For Payer." (k) Form 1099-S - Copy B "For Transferor"; Copy C "For Filer." (l) Form 5498 - Copy B "For Participant"; Copy C "For Trustee or Issuer." (m) Form 5498-MSA - Copy B "For Participant"; Copy C "For Trustee." (n) Form W-2G - Copy 1 "For State Tax Department"; Copy B "Report this income on your Federal tax return. If this form shows Federal income tax withheld in box 2, attach this copy to your return." Copy C "For Winner's Records"; Copy 2 "Attach this copy to your state income tax return, if required."; Copy D "For Payer."

.03 Perforations are required between forms on all copies except Copy A to enable the separation of individual forms. Copy A of Form W-2G may be perforated.

SEC. 2. OMB REQUIREMENTS

.01 Office of Management and Budget (OMB) Requirements for Substitute Forms—Public Law 96-511 requires that : (1) OMB approve Internal Revenue Service tax forms, (2) each form show (in the upper right corner) the OMB approval number, and (3) the form (or its instructions) state why IRS is collecting the information, how it will be used and whether it must be given to IRS. The official IRS forms or instructions contain this information and any substitute must contain it also.

.02 The OMB requirements for substitute IRS forms are:

(1) All substitute forms, **including substitute statements to recipients**, must show the OMB number as it appears on the official IRS form;

(2) For Copy A, the OMB number must appear exactly as shown on the official IRS form;

(3) For any copy other than Copy A, the OMB number must use one of the following formats:

(a) OMB No. XXXX-XXXX (preferred) or;

(b) OMB # XXXX-XXXX.

(4) All substitute forms (Copy A only) must state "For Paperwork Reduction Act Notice, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G."

.03 The official OMB numbers may be obtained from the official IRS printed forms, and are also shown on the forms in the exhibits.

SEC 3. REPRODUCIBLE COPIES

.01 As of April 30, 1996, IRS discontinued taking orders for reproducible and information copies of federal tax materials. However, there are several new options available to obtain federal tax material. The new options are:

(1) **Internal Revenue Information Services (IRIS)**—IRIS is housed within FedWorld, known also as the Electronic Marketplace of U.S. Government Information. IRIS at FedWorld can be reached by:

(a) Modem (dial up) at 703-321-8020,

(b) by Internet - Telnet to iris.irs.ustreas.gov

(c) by File Transfer Protocol (FTP) connect to - ftp.irs.ustreas.gov

(d) or by World Wide Web – <http://www.irs.ustreas.gov>

(2) **IRS Federal Tax Forms CD-ROM**—The IRS also offers an alternative to downloading electronic files from IRIS and provides current and prior-year access to tax forms and instructions through its Federal Tax Forms CD-ROM. First offered during 1994, the CD will again be available for the upcoming filing season. For system requirements and to order the 1998 Federal Tax Forms CD-ROM contact the Government Printing Office's (GPO's) Superintendent of Documents either:

(a) by telephone 202-512-1800;
or

(b) electronically through GPO's Web Site at http://www.access.gpo.gov/su_docs

(3) **Government Printing Office Superintendent of Documents Bookstores**—The Government Printing Office Superintendent of Documents Bookstores also sell individual copies of tax forms, instructions and publications. Call 202-512-1800 to find the bookstore nearest to you.

.02 Forms 1096, 1098, 1099 series, and 5498 series are provided electronically on the IRS home page, IRIS bulletin board system, and on the Federal Tax Forms CD-ROM, but **CANNOT** be used for filing with IRS when printed from a conventional printer. These forms contain drop-out ink requirements as described in Part B, Section 2 of this publication.

SEC. 4. EFFECT ON OTHER REVENUE PROCEDURES

Revenue Procedure 97-32, 1997-27 I.R.B. 9, covering paper returns and statements for payments made during the 1997 calendar year is hereby superseded. Revenue Procedure 97-32A, Addendum to Revenue Procedure 97-32, 1997-27 I.R.B. 9 which provides the Rules and Specifications for Private Printing of Forms 1096, 1099 Series, 5498 and W-2G is hereby superseded.

Exhibit A

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0901 1998 Form 1098	Mortgage Interest Statement
RECIPIENT'S/LENDER'S name, address, and telephone number			
RECIPIENT'S Federal identification no.	PAYER'S social security number	1 Mortgage interest received from payer(s)/borrower(s)	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
PAYER'S/BORROWER'S name	2 Points paid on purchase of principal residence	\$	
Street address (including apt. no.)	3 Refund of overpaid interest	\$	
City, state, and ZIP code	4	\$	
Account number (optional)			
Form 1098 Cat. No. 14402K Department of the Treasury - Internal Revenue Service		Do NOT Cut or Separate Forms on This Page	
<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0901 1998 Form 1098	Mortgage Interest Statement
RECIPIENT'S/LENDER'S name, address, and telephone number			
RECIPIENT'S Federal identification no.	PAYER'S social security number	1 Mortgage interest received from payer(s)/borrower(s)	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
PAYER'S/BORROWER'S name	2 Points paid on purchase of principal residence	\$	
Street address (including apt. no.)	3 Refund of overpaid interest	\$	
City, state, and ZIP code	4	\$	
Account number (optional)			
Form 1098 Cat. No. 14402K Department of the Treasury - Internal Revenue Service		Do NOT Cut or Separate Forms on This Page	
<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0901 1998 Form 1098	Mortgage Interest Statement
RECIPIENT'S/LENDER'S name, address, and telephone number			
RECIPIENT'S Federal identification no.	PAYER'S social security number	1 Mortgage interest received from payer(s)/borrower(s)	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
PAYER'S/BORROWER'S name	2 Points paid on purchase of principal residence	\$	
Street address (including apt. no.)	3 Refund of overpaid interest	\$	
City, state, and ZIP code	4	\$	
Account number (optional)			
Form 1098 Cat. No. 14402K Department of the Treasury - Internal Revenue Service		Do NOT Cut or Separate Forms on This Page	

Exhibit E

7979 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1a Date of sale	OMB No. 1545-0715	
		1b CUSIP No.	1998	
		Form 1099-B		
		2 Stocks, bonds, etc. \$	Reported to IRS } <input type="checkbox"/> Gross proceeds } <input type="checkbox"/> Gross proceeds less commissions and option premiums	1.9"
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Bartering \$	4 Federal income tax withheld \$	3.9"
RECIPIENT'S name		5 Description		
		Regulated Futures Contracts		
Street address (including apt. no.)		6 Profit or (loss) realized in 1998 \$	7 Unrealized profit or (loss) on open contracts—12/31/97 \$	1.4"
City, state, and ZIP code		8 Unrealized profit or (loss) on open contracts—12/31/98 \$	9 Aggregate profit or (loss) \$	4.1"
Account number (optional)	2nd TIN Not. <input type="checkbox"/>			

Form **1099-B** .60" Cat. No. 14411V Department of the Treasury - Internal Revenue Service

Proceeds From Broker and Barter Exchange Transactions

Copy A For Internal Revenue Service Center
File with Form 1096.
For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2.

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7979 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1a Date of sale	OMB No. 1545-0715	
		1b CUSIP No.	1998	
		Form 1099-B		
		2 Stocks, bonds, etc. \$	Reported to IRS } <input type="checkbox"/> Gross proceeds } <input type="checkbox"/> Gross proceeds less commissions and option premiums	
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Bartering \$	4 Federal income tax withheld \$	
RECIPIENT'S name		5 Description		
		Regulated Futures Contracts		
Street address (including apt. no.)		6 Profit or (loss) realized in 1998 \$	7 Unrealized profit or (loss) on open contracts—12/31/97 \$	
City, state, and ZIP code		8 Unrealized profit or (loss) on open contracts—12/31/98 \$	9 Aggregate profit or (loss) \$	
Account number (optional)	2nd TIN Not. <input type="checkbox"/>			

Form **1099-B** Cat. No. 14411V Department of the Treasury - Internal Revenue Service

Proceeds From Broker and Barter Exchange Transactions

Copy A For Internal Revenue Service Center
File with Form 1096.
For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.

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7979 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1a Date of sale	OMB No. 1545-0715	
		1b CUSIP No.	1998	
		Form 1099-B		
		2 Stocks, bonds, etc. \$	Reported to IRS } <input type="checkbox"/> Gross proceeds } <input type="checkbox"/> Gross proceeds less commissions and option premiums	
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Bartering \$	4 Federal income tax withheld \$	
RECIPIENT'S name		5 Description		
		Regulated Futures Contracts		
Street address (including apt. no.)		6 Profit or (loss) realized in 1998 \$	7 Unrealized profit or (loss) on open contracts—12/31/97 \$	
City, state, and ZIP code		8 Unrealized profit or (loss) on open contracts—12/31/98 \$	9 Aggregate profit or (loss) \$	
Account number (optional)	2nd TIN Not. <input type="checkbox"/>			

Form **1099-B** Cat. No. 14411V Department of the Treasury - Internal Revenue Service

Proceeds From Broker and Barter Exchange Transactions

Copy A For Internal Revenue Service Center
File with Form 1096.
For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.

Exhibit G

9191 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Ordinary dividends	OMB No. 1545-0110 1998 Form 1099-DIV	Dividends and Distributions
		\$		
		2a Total capital gain distr.	← 1.4" →	
		\$		
PAYER'S Federal identification number	RECIPIENT'S identification number	2b 28% rate gain	2c Unrecap. sec. 1250 gain	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
		\$	\$	
RECIPIENT'S name		2d Section 1202 gain	3 Nontaxable distributions	
		\$	\$	
Street address (including apt. no.)		4 Federal income tax withheld	5 Investment expenses	
		\$	\$	
City, state, and ZIP code		6 Foreign tax paid	7 Foreign country or U.S. possession	
		\$	\$	
Account number (optional)	2nd TIN Not. <input type="checkbox"/>	8 Cash liquidation distr.	9 Noncash liquidation distr.	
← 2.8" →		\$	\$	← 4.5" →
Form 1099-DIV		Cat. No. 14415N		Department of the Treasury - Internal Revenue Service

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9191 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Ordinary dividends	OMB No. 1545-0110 1998 Form 1099-DIV	Dividends and Distributions
		\$		
		2a Total capital gain distr.	← 1.4" →	
		\$		
PAYER'S Federal identification number	RECIPIENT'S identification number	2b 28% rate gain	2c Unrecap. sec. 1250 gain	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
		\$	\$	
RECIPIENT'S name		2d Section 1202 gain	3 Nontaxable distributions	
		\$	\$	
Street address (including apt. no.)		4 Federal income tax withheld	5 Investment expenses	
		\$	\$	
City, state, and ZIP code		6 Foreign tax paid	7 Foreign country or U.S. possession	
		\$	\$	
Account number (optional)	2nd TIN Not. <input type="checkbox"/>	8 Cash liquidation distr.	9 Noncash liquidation distr.	
Form 1099-DIV		Cat. No. 14415N		Department of the Treasury - Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

9191 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Ordinary dividends	OMB No. 1545-0110 1998 Form 1099-DIV	Dividends and Distributions
		\$		
		2a Total capital gain distr.	← 1.4" →	
		\$		
PAYER'S Federal identification number	RECIPIENT'S identification number	2b 28% rate gain	2c Unrecap. sec. 1250 gain	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
		\$	\$	
RECIPIENT'S name		2d Section 1202 gain	3 Nontaxable distributions	
		\$	\$	
Street address (including apt. no.)		4 Federal income tax withheld	5 Investment expenses	
		\$	\$	
City, state, and ZIP code		6 Foreign tax paid	7 Foreign country or U.S. possession	
		\$	\$	
Account number (optional)	2nd TIN Not. <input type="checkbox"/>	8 Cash liquidation distr.	9 Noncash liquidation distr.	
Form 1099-DIV		Cat. No. 14415N		Department of the Treasury - Internal Revenue Service

Exhibit H

8888 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Unemployment compensation	OMB No. 1545-0120 1998 Form 1099-G	Certain Government Payments Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
		\$		
PAYER'S Federal identification number		2 State or local income tax refunds, credits, or offsets	4 Federal income tax withheld	
RECIPIENT'S identification number		\$	\$	
RECIPIENT'S name		3 Box 2 amount is for tax year	6 Taxable grants	
Street address (including apt. no.)		\$	\$	
City, state, and ZIP code		5	8 The amount in box 2 applies to income from a trade or business <input type="checkbox"/>	
Account number (optional)		7 Agriculture payments		
		\$		

Form **1099-G**

Cat. No. 14438M

Department of the Treasury - Internal Revenue Service

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8888 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Unemployment compensation	OMB No. 1545-0120 1998 Form 1099-G	Certain Government Payments Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
		\$		
PAYER'S Federal identification number		2 State or local income tax refunds, credits, or offsets	4 Federal income tax withheld	
RECIPIENT'S identification number		\$	\$	
RECIPIENT'S name		3 Box 2 amount is for tax year	6 Taxable grants	
Street address (including apt. no.)		\$	\$	
City, state, and ZIP code		5	8 The amount in box 2 applies to income from a trade or business <input type="checkbox"/>	
Account number (optional)		7 Agriculture payments		
		\$		

Form **1099-G**

Cat. No. 14438M

Department of the Treasury - Internal Revenue Service

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8888 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Unemployment compensation	OMB No. 1545-0120 1998 Form 1099-G	Certain Government Payments Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
		\$		
PAYER'S Federal identification number		2 State or local income tax refunds, credits, or offsets	4 Federal income tax withheld	
RECIPIENT'S identification number		\$	\$	
RECIPIENT'S name		3 Box 2 amount is for tax year	6 Taxable grants	
Street address (including apt. no.)		\$	\$	
City, state, and ZIP code		5	8 The amount in box 2 applies to income from a trade or business <input type="checkbox"/>	
Account number (optional)		7 Agriculture payments		
		\$		

Form **1099-G**

Cat. No. 14438M

Department of the Treasury - Internal Revenue Service

Exhibit I

9292 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		Payer's RTN (optional)	OMB No. 1545-0112	1998 Form 1099-INT	Interest Income
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Interest income not included in box 3 \$		Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.	
RECIPIENT'S name		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$		
Street address (including apt. no.)		4 Federal income tax withheld \$			
City, state, and ZIP code		5 Foreign tax paid \$	6 Foreign country or U.S. possession		
Account number (optional)	2nd TIN Not. <input type="checkbox"/>				

Form **1099-INT** .60" Cat. No. 14410K Department of the Treasury - Internal Revenue Service

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9292 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		Payer's RTN (optional)	OMB No. 1545-0112	1998 Form 1099-INT	Interest Income
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Interest income not included in box 3 \$		Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.	
RECIPIENT'S name		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$		
Street address (including apt. no.)		4 Federal income tax withheld \$			
City, state, and ZIP code		5 Foreign tax paid \$	6 Foreign country or U.S. possession		
Account number (optional)	2nd TIN Not. <input type="checkbox"/>				

Form **1099-INT** Cat. No. 14410K Department of the Treasury - Internal Revenue Service

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9292 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		Payer's RTN (optional)	OMB No. 1545-0112	1998 Form 1099-INT	Interest Income
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Interest income not included in box 3 \$		Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.	
RECIPIENT'S name		2 Early withdrawal penalty \$	3 Interest on U.S. Savings Bonds and Treas. obligations \$		
Street address (including apt. no.)		4 Federal income tax withheld \$			
City, state, and ZIP code		5 Foreign tax paid \$	6 Foreign country or U.S. possession		
Account number (optional)	2nd TIN Not. <input type="checkbox"/>				

Form **1099-INT** Cat. No. 14410K Department of the Treasury - Internal Revenue Service

Exhibit J

9393 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Gross long-term care benefits paid	OMB No. 1545-1519 1998 Form 1099-LTC	Long-Term Care and Accelerated Death Benefits
		\$		
		2 Accelerated death benefits paid		
		\$		
PAYER'S Federal identification number	POLICYHOLDER'S identification number	3 Check one: <input type="checkbox"/> Per diem <input type="checkbox"/> Reimbursed amount	INSURED'S social security no.	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
POLICYHOLDER'S name		INSURED'S name		
		Street address (including apt. no.)		
Street address (including apt. no.)		Street address (including apt. no.)		
City, state, and ZIP code		City, state, and ZIP code		
Account number (optional)		4 (optional) <input type="checkbox"/> Chronically ill <input type="checkbox"/> Terminally ill	Date certified	

Form 1099-LTC Cat. No. 23021Z Department of the Treasury - Internal Revenue Service

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9393 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Gross long-term care benefits paid	OMB No. 1545-1519 1998 Form 1099-LTC	Long-Term Care and Accelerated Death Benefits
		\$		
		2 Accelerated death benefits paid		
		\$		
PAYER'S Federal identification number	POLICYHOLDER'S identification number	3 Check one: <input type="checkbox"/> Per diem <input type="checkbox"/> Reimbursed amount	INSURED'S social security no.	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
POLICYHOLDER'S name		INSURED'S name		
		Street address (including apt. no.)		
Street address (including apt. no.)		Street address (including apt. no.)		
City, state, and ZIP code		City, state, and ZIP code		
Account number (optional)		4 (optional) <input type="checkbox"/> Chronically ill <input type="checkbox"/> Terminally ill	Date certified	

Form 1099-LTC Cat. No. 23021Z Department of the Treasury - Internal Revenue Service

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9393 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Gross long-term care benefits paid	OMB No. 1545-1519 1998 Form 1099-LTC	Long-Term Care and Accelerated Death Benefits
		\$		
		2 Accelerated death benefits paid		
		\$		
PAYER'S Federal identification number	POLICYHOLDER'S identification number	3 Check one: <input type="checkbox"/> Per diem <input type="checkbox"/> Reimbursed amount	INSURED'S social security no.	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
POLICYHOLDER'S name		INSURED'S name		
		Street address (including apt. no.)		
Street address (including apt. no.)		Street address (including apt. no.)		
City, state, and ZIP code		City, state, and ZIP code		
Account number (optional)		4 (optional) <input type="checkbox"/> Chronically ill <input type="checkbox"/> Terminally ill	Date certified	

Form 1099-LTC Cat. No. 23021Z Department of the Treasury - Internal Revenue Service

Exhibit K

9595 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Rents \$	OMB No. 1545-0115 1998 Form 1099-MISC	Miscellaneous Income
		2 Royalties \$		
		3 Other income \$		
PAYER'S Federal identification number	RECIPIENT'S identification number	4 Federal income tax withheld \$	5 Fishing boat proceeds \$	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2g.
RECIPIENT'S name		6 Medical and health care payments \$	7 Nonemployee compensation \$	
Street address (including apt. no.)		8 Substitute payments in lieu of dividends or interest \$	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	
City, state, and ZIP code		10 Crop insurance proceeds \$	11 State income tax withheld \$	
Account number (optional)	2nd TIN Not. <input type="checkbox"/>	12 State/Payer's state number	13 \$	

Form 1099-MISC .60" Cat. No. 14425J Department of the Treasury - Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

9595 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Rents \$	OMB No. 1545-0115 1998 Form 1099-MISC	Miscellaneous Income
		2 Royalties \$		
		3 Other income \$		
PAYER'S Federal identification number	RECIPIENT'S identification number	4 Federal income tax withheld \$	5 Fishing boat proceeds \$	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2g.
RECIPIENT'S name		6 Medical and health care payments \$	7 Nonemployee compensation \$	
Street address (including apt. no.)		8 Substitute payments in lieu of dividends or interest \$	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	
City, state, and ZIP code		10 Crop insurance proceeds \$	11 State income tax withheld \$	
Account number (optional)	2nd TIN Not. <input type="checkbox"/>	12 State/Payer's state number	13 \$	

Form 1099-MISC Cat. No. 14425J Department of the Treasury - Internal Revenue Service

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9595 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Rents \$	OMB No. 1545-0115 1998 Form 1099-MISC	Miscellaneous Income
		2 Royalties \$		
		3 Other income \$		
PAYER'S Federal identification number	RECIPIENT'S identification number	4 Federal income tax withheld \$	5 Fishing boat proceeds \$	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2g.
RECIPIENT'S name		6 Medical and health care payments \$	7 Nonemployee compensation \$	
Street address (including apt. no.)		8 Substitute payments in lieu of dividends or interest \$	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	
City, state, and ZIP code		10 Crop insurance proceeds \$	11 State income tax withheld \$	
Account number (optional)	2nd TIN Not. <input type="checkbox"/>	12 State/Payer's state number	13 \$	

Form 1099-MISC Cat. No. 14425J Department of the Treasury - Internal Revenue Service

Exhibit L

9494 VOID CORRECTED

PAYER'S name, street address, city, state, and ZIP code		<div style="border: 1px solid black; padding: 5px; display: inline-block;"> 1998 <small>Form 1099-MSA</small> </div>		Distributions From Medical Savings Accounts Copy A For Internal Revenue Service Center File with Form 1096. <small>For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.</small>
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Gross distribution \$ _____	2 Earnings on excess contributions \$ _____	
RECIPIENT'S name		3 Distribution code		
Street address (including apt. no.)				
City, state, and ZIP code				
Account number (optional)				

Form 1099-MSA
Cat. No. 23114L
Department of the Treasury - Internal Revenue Service

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9494 VOID CORRECTED

PAYER'S name, street address, city, state, and ZIP code		<div style="border: 1px solid black; padding: 5px; display: inline-block;"> 1998 <small>Form 1099-MSA</small> </div>		Distributions From Medical Savings Accounts Copy A For Internal Revenue Service Center File with Form 1096. <small>For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.</small>
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Gross distribution \$ _____	2 Earnings on excess contributions \$ _____	
RECIPIENT'S name		3 Distribution code		
Street address (including apt. no.)				
City, state, and ZIP code				
Account number (optional)				

Form 1099-MSA
Cat. No. 23114L
Department of the Treasury - Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

9494 VOID CORRECTED

PAYER'S name, street address, city, state, and ZIP code		<div style="border: 1px solid black; padding: 5px; display: inline-block;"> 1998 <small>Form 1099-MSA</small> </div>		Distributions From Medical Savings Accounts Copy A For Internal Revenue Service Center File with Form 1096. <small>For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.</small>
PAYER'S Federal identification number	RECIPIENT'S identification number	1 Gross distribution \$ _____	2 Earnings on excess contributions \$ _____	
RECIPIENT'S name		3 Distribution code		
Street address (including apt. no.)				
City, state, and ZIP code				
Account number (optional)				

Form 1099-MSA
Cat. No. 23114L
Department of the Treasury - Internal Revenue Service

Exhibit M

9696 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no. \$ _____		1 Original issue discount for 1998 \$ _____	OMB No. 1545-0117 <div style="font-size: 2em; font-weight: bold; text-align: center;">1998</div>	Original Issue Discount
		2 Other periodic interest \$ _____	Form 1099-OID	
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Early withdrawal penalty \$ _____	4 Federal income tax withheld \$ _____	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		5 Description		
Street address (including apt. no.)				
City, state, and ZIP code				
Account number (optional)	2nd TIN Not. <input type="checkbox"/>	4.1"		

Form **1099-OID**
Cat. No. 14421R
Department of the Treasury - Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

9696 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no. \$ _____		1 Original issue discount for 1998 \$ _____	OMB No. 1545-0117 <div style="font-size: 2em; font-weight: bold; text-align: center;">1998</div>	Original Issue Discount
		2 Other periodic interest \$ _____	Form 1099-OID	
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Early withdrawal penalty \$ _____	4 Federal income tax withheld \$ _____	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		5 Description		
Street address (including apt. no.)				
City, state, and ZIP code				
Account number (optional)	2nd TIN Not. <input type="checkbox"/>	4.1"		

Form **1099-OID**
Cat. No. 14421R
Department of the Treasury - Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

9696 VOID CORRECTED

PAYER'S name, street address, city, state, ZIP code, and telephone no. \$ _____		1 Original issue discount for 1998 \$ _____	OMB No. 1545-0117 <div style="font-size: 2em; font-weight: bold; text-align: center;">1998</div>	Original Issue Discount
		2 Other periodic interest \$ _____	Form 1099-OID	
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Early withdrawal penalty \$ _____	4 Federal income tax withheld \$ _____	Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
RECIPIENT'S name		5 Description		
Street address (including apt. no.)				
City, state, and ZIP code				
Account number (optional)	2nd TIN Not. <input type="checkbox"/>	4.1"		

Form **1099-OID**
Cat. No. 14421R
Department of the Treasury - Internal Revenue Service

Exhibit O

9898 VOID CORRECTED

PAYER'S name, street address, city, state, and ZIP code <div style="text-align: center; margin-top: 20px;">4.5"</div>		1 Gross distribution \$ _____ 2a Taxable amount \$ _____	OMB No. 1545-0119 <div style="font-size: 36px; font-weight: bold; text-align: center;">1998</div> Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$ _____	4 Federal income tax withheld \$ _____	Total distribution <input type="checkbox"/> _____ Total taxable amount not determined <input type="checkbox"/> _____ ← 2.65" distribution →
RECIPIENT'S name		5 Employee contributions or insurance premiums \$ _____	6 Net unrealized appreciation in employer's securities \$ _____	
Street address (including apt. no.)		7 Distribution code \$ _____	8 Other _____ % \$ _____	← 1.0" → ← 1.0" → ← .4" → ← 2.60" → ← .4" →
City, state, and ZIP code		9a Your percentage of total distribution %	9b Total employee contributions \$	
Account number (optional)		10 State tax withheld \$ _____ \$ _____	11 State/Payer's state no.	12 State distribution \$ _____ \$ _____
		13 Local tax withheld \$ _____ \$ _____	14 Name of locality	15 Local distribution \$ _____ \$ _____

Form **1099-R** Cat. No. 14436Q Department of the Treasury - Internal Revenue Service
Do NOT Cut or Separate Forms on This Page

9898 VOID CORRECTED

PAYER'S name, street address, city, state, and ZIP code <div style="text-align: center; margin-top: 20px;">1.0"</div>		1 Gross distribution \$ _____ 2a Taxable amount \$ _____	OMB No. 1545-0119 <div style="font-size: 36px; font-weight: bold; text-align: center;">1998</div> Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.
PAYER'S Federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$ _____	4 Federal income tax withheld \$ _____	Total distribution <input type="checkbox"/> _____ Total taxable amount not determined <input type="checkbox"/> _____
RECIPIENT'S name		5 Employee contributions or insurance premiums \$ _____	6 Net unrealized appreciation in employer's securities \$ _____	
Street address (including apt. no.)		7 Distribution code \$ _____	8 Other _____ % \$ _____	
City, state, and ZIP code		9a Your percentage of total distribution %	9b Total employee contributions \$	
Account number (optional)		10 State tax withheld \$ _____ \$ _____	11 State/Payer's state no.	12 State distribution \$ _____ \$ _____
		13 Local tax withheld \$ _____ \$ _____	14 Name of locality	15 Local distribution \$ _____ \$ _____

Form **1099-R** Cat. No. 14436Q Department of the Treasury - Internal Revenue Service

Exhibit Q

3232 CORRECTED

PAYER'S name	1 Gross winnings	2 Federal income tax withheld
Street address	3 Type of wager	4 Date won
City, state, and ZIP code	5 Transaction	6 Race
Federal identification number Telephone number	7 Winnings from identical wagers	8 Cashier
WINNER'S name	9 Winner's taxpayer identification no.	10 Window
Street address (including apt. no.)	11 First I.D.	12 Second I.D.
City, state, and ZIP code	13 State/Payer's state identification no.	14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.		
Signature ►	Date ►	

OMB No. 1545-0238

1998
Form W-2G
Certain
Gambling
Winnings

For Paperwork Reduction Act Notice and instructions for completing this form, see the **1998 Instructions for Forms 1099, 1098, 5498, and W-2G.**
File with Form 1096.

Copy A
For Internal Revenue Service Center

Form **W-2G** Cat. No. 10138V Department of the Treasury - Internal Revenue Service

3232 CORRECTED

PAYER'S name	1 Gross winnings	2 Federal income tax withheld
Street address	3 Type of wager	4 Date won
City, state, and ZIP code	5 Transaction	6 Race
Federal identification number Telephone number	7 Winnings from identical wagers	8 Cashier
WINNER'S name	9 Winner's taxpayer identification no.	10 Window
Street address (including apt. no.)	11 First I.D.	12 Second I.D.
City, state, and ZIP code	13 State/Payer's state identification no.	14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.		
Signature ►	Date ►	

OMB No. 1545-0238

1998
Form W-2G
Certain
Gambling
Winnings

For Paperwork Reduction Act Notice and instructions for completing this form, see the **1998 Instructions for Forms 1099, 1098, 5498, and W-2G.**
File with Form 1096.

Copy A
For Internal Revenue Service Center

Form **W-2G** Cat. No. 10138V Department of the Treasury - Internal Revenue Service

3232 CORRECTED

PAYER'S name	1 Gross winnings	2 Federal income tax withheld
Street address	3 Type of wager	4 Date won
City, state, and ZIP code	5 Transaction	6 Race
Federal identification number Telephone number	7 Winnings from identical wagers	8 Cashier
WINNER'S name	9 Winner's taxpayer identification no.	10 Window
Street address (including apt. no.)	11 First I.D.	12 Second I.D.
City, state, and ZIP code	13 State/Payer's state identification no.	14 State income tax withheld
Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.		
Signature ►	Date ►	

OMB No. 1545-0238

1998
Form W-2G
Certain
Gambling
Winnings

For Paperwork Reduction Act Notice and instructions for completing this form, see the **1998 Instructions for Forms 1099, 1098, 5498, and W-2G.**
File with Form 1096.

Copy A
For Internal Revenue Service Center

Form **W-2G** Cat. No. 10138V Department of the Treasury - Internal Revenue Service

Exhibit S

2727 VOID CORRECTED

TRUSTEE'S name, street address, city, state, and ZIP code		1 Employee or self-employed person's MSA contributions made in 1998 and 1999 for 1998 \$	OMB No. 1545-1518	1998	Medical Savings Account Information
		2 Total MSA contributions made in 1998 \$	Form 5498-MSA		
TRUSTEE'S Federal identification number	PARTICIPANT'S social security number	3 Total MSA contributions made in 1999 for 1998 \$		Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.	
PARTICIPANT'S name		4 MSA rollover contributions (not included in boxes 1, 2, or 3) \$	5 Fair market value of account \$		
Street address (including apt. no.)					
City, state, and ZIP code					
Account number (optional)					

Form 5498-MSA Cat. No. 23097L Department of the Treasury - Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

2727 VOID CORRECTED

TRUSTEE'S name, street address, city, state, and ZIP code		1 Employee or self-employed person's MSA contributions made in 1998 and 1999 for 1998 \$	OMB No. 1545-1518	1998	Medical Savings Account Information
		2 Total MSA contributions made in 1998 \$	Form 5498-MSA		
TRUSTEE'S Federal identification number	PARTICIPANT'S social security number	3 Total MSA contributions made in 1999 for 1998 \$		Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.	
PARTICIPANT'S name		4 MSA rollover contributions (not included in boxes 1, 2, or 3) \$	5 Fair market value of account \$		
Street address (including apt. no.)					
City, state, and ZIP code					
Account number (optional)					

Form 5498-MSA Cat. No. 23097L Department of the Treasury - Internal Revenue Service

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2727 VOID CORRECTED

TRUSTEE'S name, street address, city, state, and ZIP code		1 Employee or self-employed person's MSA contributions made in 1998 and 1999 for 1998 \$	OMB No. 1545-1518	1998	Medical Savings Account Information
		2 Total MSA contributions made in 1998 \$	Form 5498-MSA		
TRUSTEE'S Federal identification number	PARTICIPANT'S social security number	3 Total MSA contributions made in 1999 for 1998 \$		Copy A For Internal Revenue Service Center File with Form 1096. For Paperwork Reduction Act Notice and instructions for completing this form, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G.	
PARTICIPANT'S name		4 MSA rollover contributions (not included in boxes 1, 2, or 3) \$	5 Fair market value of account \$		
Street address (including apt. no.)					
City, state, and ZIP code					
Account number (optional)					

Form 5498-MSA Cat. No. 23097L Department of the Treasury - Internal Revenue Service

Exhibit T

DO NOT STAPLE 6969

Form **1096**
Department of the Treasury
Internal Revenue Service

**Annual Summary and Transmittal of
U.S. Information Returns**

OMB No. 1545-0108
1998

ATTACH
HERE
FILER'S name

Street address (including room or suite number)

City, state, and ZIP code

If you are not using a preprinted label, enter in box 1 or 2 below the identification number you used as the filer on the information returns being transmitted. Do not fill in both boxes 1 and 2.

Name of person to contact if the IRS needs more information

Telephone number ()

For Official Use Only

1 Employer identification number	2 Social security number	3 Total number of forms	4 Federal income tax withheld	5 Total amount reported with this Form 1096
1.4"	1.4"	1.2"	1.4"	1.9"

Enter an "X" in only one box below to indicate the type of form being filed.

W-2G 32	1098 81	1098-E 82	1098-T 83	1099-A 80	1099-B 79	1099-C 85	1099-DIV 91	1099-G 86	1099-INT 92	1099-LTC 93	1099-MISC 95	1099-MSA 94	1099-OID 96
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1099-PATR 97

1099-R 98

1099-S 75

5498 28

5498-MSA 27

Please return this entire page to the Internal Revenue Service. Photocopies are NOT acceptable.

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature Title Date

Instructions

Purpose of form. Use this form to transmit paper Forms 1099, 1098, 5498, and W-2G to the Internal Revenue Service. (See *Where To File on the back.*) DO NOT USE FORM 1096 TO TRANSMIT MAGNETIC MEDIA. See Form 4804, Transmittal of Information Returns Reported Magnetically/Electronically.

Use of preprinted label. If you received a preprinted label from the IRS with Package 1099, place the label in the name and address area of this form inside the brackets. Make any necessary changes to your name and address on the label. However, do not use the label if the taxpayer identification number (TIN) shown is incorrect. **Do not prepare your own label. Use only the IRS-prepared label that came with your Package 1099.**

If you are not using a preprinted label, enter the filer's name, address (including room, suite, or other unit number), and TIN in the spaces provided on the form.

Filer. The name, address, and TIN of the filer on this form must be the same as those you enter in the upper left area of Form 1099, 1098, 5498, or W-2G. A filer includes a payer, a recipient of mortgage interest payments (including points) or student loan interest, an educational institution, a broker, a barter exchange, a creditor, a person reporting real estate transactions, a trustee or issuer of any individual retirement arrangement or a medical savings account, and a lender who acquires an interest in secured property or who has reason to know that the property has been abandoned.

11.00" Transmitting to the IRS. Send the forms in a flat mailing (not folded). Group the forms by form number and transmit each group with a separate Form 1096. For example, if you must file both Forms 1098 and 1099-A, complete one Form 1096 to transmit your Forms 1098 and another Form 1096 to transmit your Forms 1099-A. You need not submit original and corrected returns separately. Do not send a form (1099, 5498, etc.) containing summary (subtotal) information with Form 1096. Summary information for the group of forms being sent is entered only in boxes 3, 4, and 5 of Form 1096.

Box 1 or 2. Complete only if you are not using a preprinted IRS label. Individuals not in a trade or business must enter their social security number in box 2; sole proprietors and all others must enter their employer identification number in box 1. However, sole proprietors who do not have an employer identification number must enter their social security number in box 2.

Box 3. Enter the number of forms you are transmitting with this Form 1096. Do not include blank or voided forms or the Form 1096 in your total. Enter the number of correctly completed forms, not the number of pages, being transmitted. For example, if you send one page of three-to-a-page Forms 5498 with a Form 1096 and you have correctly completed two Forms 5498 on that page, enter "2" in box 3 of Form 1096.

Box 4. Enter the total Federal income tax withheld shown on the forms being transmitted with this Form 1096.

For more information and the Paperwork Reduction Act Notice, see the 1998 Instructions for Forms 1099, 1098, 5498, and W-2G. Form 1096 (1998)
Cat. No. 144000

Rev. Proc. 98-39

SECTION 1. PURPOSE

.01 This revenue procedure modifies Rev. Proc. 97-35, 1997-33 I.R.B. 11, which describes three alternative methods of accounting for package design costs: (1) the capitalization method, (2) the design-by-design capitalization and 60-month amortization method, and (3) the pool-of-cost capitalization and 48-month amortization method. A taxpayer with package design costs within the scope of Rev. Proc. 97-35 may change to or adopt any one of these three methods. The procedures for a taxpayer to change to one of these three methods are provided in Rev. Proc. 97-37, 1997-33 I.R.B. 18, which provides simplified and uniform procedures to obtain automatic consent to make this and other changes in methods of accounting.

.02 Rev. Proc. 97-35 is modified to make clear that capitalization under § 263 (and not § 263A) of the Internal Revenue Code is applicable for package design costs incurred in taxable years beginning after December 31, 1993, pursuant to § 1.263A-2(a)(2)(ii) of the Income Tax Regulations. In addition, Rev. Proc. 97-35 is further modified to make clear that it does not apply to the costs of a package design that is an “amortizable § 197 intangible” as defined in § 197(c). Rev. Proc. 97-35 will appear in 1997-2 C.B. as modified by this revenue procedure.

SECTION 2. MODIFICATIONS

.01 Section 1 of Rev. Proc. 97-35 is modified by deleting section 1.02.

.02 Section 2 of Rev. Proc. 97-35 is modified by adding the word “design” after the word “package” in the next to last sentence.

.03 Section 3.03 of Rev. Proc. 97-35 is modified by changing the regulation cite, deleting the last sentence and a cite, and adding a new last sentence and a cite to read as follows:

See former § 1.263A-1T(a)(5)(iii) of the temporary regulations. Section 263A and the temporary regulations thereunder required that costs incurred after December 31, 1986, in

taxable years beginning before January 1, 1994, must be capitalized to the extent that they were attributable to the development and design of product packages. *See Rev. Rul. 89-23.*

.04 Sections 3.04 and 3.05 of Rev. Proc. 97-35 are renumbered as sections 3.07 and 3.08, respectively, and new sections 3.04, 3.05, and 3.06 are added to read as follows:

.04 Section 1.263A-2(a)(2)(ii) of the final regulations, which, in the case of property that is not inventory, applies to costs incurred in taxable years beginning after December 31, 1993, modified the definition of tangible personal property to exclude from “other similar property” any intellectual or creative property that is embodied in a tangible medium that is mass distributed merely incident to the distribution of a principal product or good of the creator. Thus, package design costs incurred in taxable years beginning after December 31, 1993, are not treated as costs of tangible personal property under § 263A.

.05 Accordingly, taxpayers are required to: (1) capitalize under § 263 package design costs incurred prior to January 1, 1987, or in taxable years beginning after December 31, 1993; and (2) capitalize under § 263A package design costs incurred after December 31, 1986, in taxable years beginning before January 1, 1994.

.06 Section 197(a), which is generally applicable to property acquired after August 10, 1993, provides that a taxpayer is entitled to an amortization deduction with respect to any “amortizable § 197 intangible” (as defined in § 197(c)), which may include the costs of certain package designs. Section 197(b) provides that, other than the amortization provided in § 197(a), no other depreciation or amortization is allowable for an amortizable § 197 intangible.

.05 Section 3.05 of Rev. Proc. 97-35 (new section 3.08) is modified by inserting in the first sentence after “Thus,” the following: “except for the costs of a package design that is an amortizable § 197 intangible.”

.06 Section 4 of Rev. Proc. 97-35 is modified to read as follows:

.01 *Applicability.* Except as provided in section 4.02 of this revenue pro-

cedure, this revenue procedure applies to the costs of a package design as defined in section 2 of this revenue procedure.

.02 *Inapplicability.* This revenue procedure does not apply to the costs of a package design that is an amortizable § 197 intangible as defined in § 197(c).

.07 Sections 5.01(2)(the capitalization method), 5.02(2)(the design-by-design capitalization and 60-month amortization method), and 5.03(2)(the pool-of-cost capitalization and 48-month amortization method) of Rev. Proc. 97-35 are modified to read as follows:

.01(2) *Computation of basis.* The basis of each package design (or modification to the design) subject to capitalization is determined by applying the provisions of § 263 and the regulations thereunder to costs incurred prior to January 1, 1987, or in taxable years beginning after December 31, 1993, and by applying the provisions of § 263A and the regulations thereunder to costs incurred after December 31, 1986, in taxable years beginning before January 1, 1994 (regardless of the tax year the design (or modification to the design) is placed in service). The costs required to be capitalized are described in section 2 of this revenue procedure.

.02(2) *Computation of basis.* Under the design-by-design capitalization and 60-month amortization method, the basis of each package design (or modification of the design) subject to capitalization must be determined by applying the provisions of § 263 and the regulations thereunder to costs incurred prior to January 1, 1987, or in taxable years beginning after December 31, 1993, and by applying the provisions of § 263A and the regulations thereunder to costs incurred after December 31, 1986, in taxable years beginning before January 1, 1994 (regardless of the tax year the design (or modification to the design) is placed in service). The costs required to be capitalized are described in section 2 of this revenue procedure.

.03(2) *Costs subject to capitalization.* All package design costs are subject to capitalization without regard to whether the costs create a package design (or modification to the design) having an ascertainable useful life that extends substantially beyond the end of the tax year in which the costs are incurred. Thus, all package design costs incurred prior to January 1, 1987, or in taxable years be-

ginning after December 31, 1993, that are capitalized under § 263 and the regulations thereunder or that would be capitalized under § 263 and the regulations thereunder but for the fact that the costs create a package design (or modification to the design) having an ascertainable useful life that does not extend substantially beyond the end of the tax year in which the costs are incurred must be capitalized. All package design costs incurred after December 31, 1986, in taxable years beginning before January 1, 1994, that are capitalized under § 263A and the regulations thereunder or that would be capitalized under § 263A and the regulations thereunder but for the fact that the costs create a package design (or modification to the design) having an ascertainable

useful life that does not extend substantially beyond the end of the tax year in which the costs are incurred must be capitalized. The costs required to be capitalized are described in section 2 of this revenue procedure.

.08 Section 5 (CHANGING PACKAGE DESIGN COSTS METHOD) of Rev. Proc. 97-35 is renumbered as new section 6.

.09 Sections 6 (INQUIRIES), 7 (EFFECT ON OTHER DOCUMENTS), and 8 (EFFECTIVE DATE), of Rev. Proc. 97-35 are renumbered as new sections 7, 8, and 9, respectively.

.10 Section 7 (EFFECT ON OTHER DOCUMENTS) of Rev. Proc. 97-35 (new section 8) is modified to read as follows:

Rev. Rul. 89-23, 1989-1 C.B. 85, is

modified. Rev. Proc. 90-63, 1990-2 C.B. 664, is modified, and as modified, is superseded. However, see the transition rules in section 13.02 of Rev. Proc. 97-37.

SECTION 3. EFFECTIVE DATE

This revenue procedure is effective on August 18, 1997.

DRAFTING INFORMATION

The principal author of this revenue procedure is Dwight N. Mersereau of the Office of Assistant Chief Counsel (Income Tax and Accounting). For further information regarding this revenue procedure, contact Mr. Mersereau on (202) 622-4970 (not a toll free call).

Part IV. Items of General Interest

Notice of Proposed Rulemaking and Notice of Public Hearing

Trading Safe Harbors

REG-106031-98

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed rules for the treatment of foreign taxpayers trading in derivative financial instruments for their own account. These proposed rules provide that foreign taxpayers who effect transactions in derivative financial instruments for their own accounts are not thereby engaged in a trade or business in the United States if they are not dealers in stocks, securities, commodities or derivatives. These proposed rules affect foreign persons that conduct such trading for their own account either directly through U.S. offices or indirectly through partnerships or other agents. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written comments must be received by September 10, 1998. Outlines of oral comments to be discussed at the public hearing scheduled for September 9, 1998, must be received by August 19, 1998.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (REG-106031-98), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-106031-98), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW, Washington, DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS Internet site at http://www.irs.ustreas.gov/prod/tax_regs/comments.html. The public hearing will be held in room 2615, Internal Revenue Building, 1111

Constitution Avenue NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Milton Cahn of the Office of Associate Chief Counsel (International), (202) 622-3870; concerning submissions and the hearing, LaNita Van Dyke, (202) 622-7190 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

Section 864(b) of the Code provides that the phrase "trade or business within the United States" generally includes the performance of personal services within the United States at any time during the taxable year but, under certain circumstances, does not include trading in stocks, securities, or commodities through an independent agent or for a taxpayer's own account (the "trading safe harbors").

Regulations regarding certain aspects of the trading safe harbors were promulgated in 1972. Since the promulgation of these regulations, the use of derivative financial instruments has increased significantly. This is due in large measure to the overall expansion and growing sophistication of global capital markets. Although guidance concerning the tax treatment of derivatives and notional principal contracts has been issued under other provisions of the Code (see, e.g., §§1.446-3, 1.863-7(b)), the section 864(b) regulations have not been modernized to take into account the manner in which taxpayers customarily use derivative transactions.

Explanation of Provisions

1. In General

These proposed regulations provide that foreign taxpayers who are not dealers with respect to any derivative transactions, who are not otherwise dealers in stocks, securities, or commodities, and who enter into derivative transactions for their own accounts are not engaged in trade or business within the United States solely by reason of those transactions. The term "derivative" is defined as an interest rate, currency, equity or commodity notional principal contract or an evidence of an interest in, or derivative financial instrument in, any commodity, currency, or

any of the items described in Code section 475(c)(2)(A)-(D).

For purposes of these proposed regulations, the term "currency" is limited to those currencies that are of a kind customarily dealt in on an organized commodity exchange. No inference is intended, however, as to whether currencies that are not traded on an organized commodity exchange are "of a kind" customarily dealt in on an organized commodity exchange. Comments are solicited on this issue.

Under the statutory safe harbors, taxpayers who are dealers in stocks and securities but not commodities may avail themselves of the commodities trading safe harbor of section 864(b)(2)(B)(ii), and likewise, dealers in commodities but not stocks and securities may avail themselves of the stocks and securities trading safe harbor of section 864(b)(2)(A)(ii). The proposed regulations, however, do not specify into which statutory safe harbor any particular derivative transaction falls. Accordingly, dealers in stocks, securities, commodities, or derivatives may not avail themselves of the benefits of these proposed regulations.

Treasury and the IRS are considering the appropriate application of both the stocks and securities safe harbor of section 864(b)(2)(A)(ii) and the commodities safe harbor of section 864(b)(2)(B)(ii) with respect to a dealer in a derivative which arguably might be classified as both a security and a commodity. Treasury and the IRS are also considering the appropriate application of the section 864(b)(2)(A)(ii) and (B)(ii) safe harbors to dealers in either stocks and securities or commodities who enter into a derivative transaction which arguably might be classified within both sections. Comments are solicited on these points including the classification of specific derivatives for purposes of the safe harbors.

Comments are also solicited regarding whether the final regulations should include derivative transactions in either the stocks and securities, or commodities trading safe harbors under sections 864(b)(2)(A)(i) and (B)(i). In particular, the IRS solicits comments as to whether certain dealers could inappropriately avoid the limitations of section 864(b)(2)(C) with respect to derivative

transactions effected through independent agents in the United States.

2. Eligible Nondealer

Until Treasury and the IRS determine whether particular derivative transactions should be classified under the stocks and securities or commodities safe harbors, the proposed regulations provide that derivative transactions (including hedging transactions) do not constitute a U.S. trade or business if the taxpayer meets the newly proposed definition of an “eligible nondealer.”

An eligible nondealer is defined as a foreign resident taxpayer who is not a dealer in stocks, securities, commodities or derivatives at any time during the taxable year. Dealer status is determined on a worldwide basis and disqualifies a taxpayer from the safe harbor of the proposed regulations even if no dealing activities are conducted in the United States. For example, if a taxpayer is a dealer in commodities through its home country office and conducts no dealing activities through its U.S. office, but enters into derivative transactions for its own account through the U.S. office, the taxpayer fails to be an eligible nondealer.

Under the proposed regulations, the definition of dealer in stocks or securities refers to §1.864-2(c)(2)(iv) and the definition of dealer in commodities refers to the use of that term in §1.864-2(d). The definition of eligible nondealer contains language based on the definition of dealer in securities in 475(c)(1)(B), including regularly holding oneself out, in the ordinary course of one’s trade or business, as being willing and able to enter into either side of a derivative transaction. See §1.475(c)-1(a)(2).

Treasury and the IRS are considering issuing additional guidance with respect to the definition of a dealer for purposes of applying the trading safe harbors generally. Comments are solicited regarding the definition of a dealer, including the adequacy of the present rules in §1.864-2(c)(2)(iv) and §1.864-2(d), possible rules for identifying derivative transactions entered into with customers in the “ordinary course,” and the appropriateness of adopting a definition similar to that provided in section 475(c)(1).

3. Swaps on U.S. Equities

Treasury and the IRS are aware that in order to avoid the tax imposed on U.S.

source dividends under sections 871 and 881 and Chapter 3 of the Code, some foreign investors use notional principal contract transactions based on U.S. equities (“U.S. based equity swaps”). Accordingly, Treasury and the IRS are considering whether rules should be developed to preserve the withholding tax with respect to such transactions. Specifically, Treasury and the IRS are evaluating whether conduit (e.g., section 7701(l)) or other principles should be invoked in regulations, to characterize payments made with respect to U.S. based equity swaps as subject to U.S. withholding tax.

Treasury and the IRS are considering whether or not finalization of the proposed regulations as they relate to U.S. based equity swaps should await guidance concerning the application of the withholding rules to such transactions. Broadening the section 864(b)(2)(A)(ii) and (B)(ii) safe harbors to include derivatives could impair the ability of the United States to tax U.S. source dividend payments.

Congress enacted the stocks and securities trading safe harbor in 1936 to provide certainty that foreign persons who merely trade stocks and securities would not be subject to the net income tax regime. Section 211(b), Revenue Act of 1936, Pub. L. 74-740, 49 Stat. 1648, 1714-15 (1936); S. Rep. No. 2156, 74th Cong., 2d Sess. 21 (1936). Congress’ decision to include the safe harbor was premised on the fundamental assumption that ordinary income from U.S. stocks and securities would be appropriately subject to U.S. taxation through the withholding tax on fixed and determinable or annual and periodic income (“FDAP”), and that activities beyond the scope of the safe harbor would remain subject to net tax if the taxpayer was engaged in a trade or business or had an office in the United States. *Id.* The Foreign Investors Tax Act of 1966, which expanded the trading safe harbors to include trading activities conducted by or on behalf of a non-U.S. resident taxpayer through a U.S. office for the foreign taxpayer’s own account, built upon the same principles reflected in the Revenue Act of 1936. See Section 102(d), Foreign Investors Tax Act of 1966, Pub. L. 89-809, 80 Stat. 1539, 1544 (1966); S. Rep. No. 1701, 99th Cong., 2d Sess. 16-17, 22-23, 32-33 (1966).

Treasury and the IRS request comments regarding the U.S. taxation of non-

U.S. persons investing in derivatives generally in addition to the treatment of derivatives under the trading safe harbors. Comments are also solicited concerning the appropriate source of payments made pursuant to U.S. based equity swaps and whether conduit or other principles should be invoked for purposes of sections 871, 881 and Chapter 3 of the Code, including the circumstances under which such payments between non-U.S. resident counterparties (i.e., foreign-to-foreign payments) may be included in such regulations. In addition, comments are also solicited concerning the appropriate treatment of swaps or other derivative transactions on property (other than stocks and securities) that produce FDAP income, e.g., rents and royalties.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory impact analysis is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulation does not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. Chapter 6) is not required. Pursuant to section 7805(f) of the Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments that are submitted timely to the IRS (a signed original and eight (8) copies). All comments will be available for public inspection and copying.

A public hearing has been scheduled for September 9, 1998, at 10:00 A.M., in room 2615, Internal Revenue Building, 1111 Constitution Avenue NW, Washington, DC. Because of access restrictions, visitors will not be admitted beyond the Internal Revenue Building lobby more than 15 minutes before the hearing starts.

The rules of 26 CFR 601.601(a)(3) apply to the hearing. Persons that wish to present oral comments at the hearing must submit written comments by September 10, 1998, and submit an outline of the topics to be discussed and the time to be devoted to each topic by August 19, 1998.

A period of 10 minutes will be allotted to each person for making comments.

An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

Proposed Effective Date

These regulations are proposed to be effective for taxable years beginning 30 days after the date final regulations are published in the **Federal Register**. Taxpayers may elect to apply the provisions of the final regulations to taxable years beginning before the date which is 30 days after these regulations are published as final in the **Federal Register**. No inference is intended regarding the treatment of derivative transactions under sections 864(b)(2)(A)(ii) and (B)(ii) and the current regulations. For periods prior to the effective date, taxpayers engaged in derivative transactions may take any reasonable position with regard to the section 864(b)(2)(A)(ii) and (B)(ii) safe harbors. Positions consistent with these proposed regulations will be considered reasonable.

Drafting Information

The principal author of these regulations is Milton Cahn of the Office of Associate Chief Counsel (International). However, other personnel from the IRS and Treasury Department participated in their development.

* * * * *

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is 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 1.864(b)-1 is added to read as follows:

§1.864(b)-1 Trading in derivatives.

(a) *Trading for taxpayer's own account.*
As used in part I (section 861 and following) and part II (section 871 and following), subchapter N, chapter 1 of the Internal Revenue Code (Code), and chapter 3 (section 1441 and following) of the Code, and the regulations thereunder, if a taxpayer is an eligible nondealer, the term *engaged in trade or business within the United States* does not include effecting transactions in derivatives for the taxpayer's own account, including hedging transactions within the meaning of §1.1221-2.

(b) *Definitions*—(1) *Eligible nondealer.* For purposes of this section, an *eligible nondealer* is a person that is not a resident of the United States and is not, at any place (domestic or foreign), nor at any time during that person's taxable year, any of the following—

(i) A dealer in stocks or securities as defined in §1.864-2(c)(2)(iv)(a);

(ii) A dealer in commodities as that term is used in §1.864-2(d); or

(iii) A person that regularly offers to enter into, assume, offset, assign or otherwise terminate positions in derivatives with customers in the ordinary course of a trade or business, including regularly holding oneself out, in the ordinary

course of one's trade or business, as being willing and able to enter into either side of a derivative transaction.

(2) *Derivative.* For purposes of this section, the term *derivative* includes—

(i) An interest rate, currency (as defined in paragraph (b)(3) of this section), equity, or commodity (as the term is used in section 864(b)(2)(B) and §1.864-2(d)) notional principal contract (as the term is used in section 475(c)(2)); or

(ii) An evidence of an interest, or a derivative financial instrument (including any option, forward contract, short position and any similar financial instrument), in any—

(A) Commodity (as the term is used in section 864(b)(2)(B) and §1.864-2(d));

(B) Currency (as defined in paragraph (b)(3) of this section);

(C) Share of stock (as the term is used in §1.864-2(c)(2));

(D) Partnership or beneficial ownership interest in a widely held or publicly traded partnership or trust;

(E) Note, bond, debenture, or other evidence of indebtedness; or

(F) Notional principal contract described in paragraph (b)(2)(i) of this section.

(3) *Limitation.* For purposes of this section, the term *currency* is limited to currencies of a kind customarily dealt in on an organized commodity exchange.

Michael P. Dolan,
Deputy Commissioner of
Internal Revenue.

(Filed by the Office of the Federal Register on June 11, 1998, 8:45 a.m., and published in the issue of the Federal Register for June 12, 1998, 63 F.R. 32164)

Announcement 98-55

Proposed Changes to 1999 Forms W-2 and W-3

Background	Based on recommendations from the Information Reporting Program Advisory Committee (IRPAC), the Social Security Administration (SSA), and others, the Internal Revenue Service (IRS) plans to revise Form W-2, Wage and Tax Statement, and Form W-3, Transmittal of Wage and Tax Statements. Some revisions will reduce reporting burden and some will enable the SSA to more accurately capture the data reported on the forms. The revisions are proposed for the 1999 Forms W-2 and W-3 to be filed in 2000.
Purpose	The purpose of this announcement is to request comments on the proposed 1999 Forms W-2 and W-3. Note: Forms W-2 and W-3 as shown are subject to change and OMB approval before final release.
Changes to Form W-2	<p>The overall size of Form W-2 will remain the same, as shown in the draft of Copy A of the 1999 version. A summary of the proposed changes follows:</p> <ul style="list-style-type: none">• The document code “22222” is relocated to the upper right corner of the form.• A shaded box separates box a and the “Void” box, which is enlarged and repositioned.• The “For Official Use Only” area has no top rule and is reformatted.• The widths of boxes b through e are narrower and boxes 1 through 17 are wider.• Box e is expanded into four distinct entry areas for employee information:<ol style="list-style-type: none">1) First name and middle initial,2) Last name,3) Street address, and4) City, state, and ZIP code.• Box f is eliminated.• Dollar signs (\$) are added to boxes 1 through 12c, 16, and 17.• Shading is added at the end of boxes 1 through 12c.• Box 12, “Benefits included in box 1,” is eliminated. Employers may continue to report the lease value of an automobile provided to an employee using a separate statement or by using redesignated box 13.• Box 13 is redesignated as box 12 and reformatted to boxes 12a, 12b, and 12c to provide three distinct entry spaces for codes and amounts.• Box 14 is redesignated as box 13 and repositioned.• Box 15 is redesignated as box 14 and the checkboxes in box 14 are enlarged.• Boxes 16 through 21 are redesignated as boxes 15 through 17 and are combined and enlarged to allow employers to report either state and/or local wages and withholdings.
Changes to Form W-3	<p>The overall size of Form W-3 will remain the same, as shown in the draft of the 1999 version. A summary of the proposed changes follows:</p> <ul style="list-style-type: none">• The document code “33333” is relocated to the upper right corner of the form.• The “For Official Use Only” area has no top rule and is reformatted.• A shaded horizontal box separates the top of the form from boxes b and 1 and 2.• Dollar signs (\$) are added to boxes 1 through 12 and 15.• Form W-3 will be a single copy with separate instructions. “YOUR COPY” is eliminated.
Comments Requested	The IRS would like to receive comments on the proposed changes to Forms W-2 and W-3 from employers, payers, payees, and other interested parties by July 31, 1998. Substitute forms will be required to follow the same format for Copy A of Form W-2 and Form W-3. Please send comments to:

**Comments
Requested
(continued)**

Chairman, Tax Forms Coordinating Committee
Internal Revenue Service, OP:FS:FP, Room 5577
1111 Constitution Avenue, NW
Washington, DC 20224

After the end of the comment period, the IRS will evaluate the comments received and announce the changes to the 1999 Forms W-2 and W-3. Although we will not be able to respond to each comment, we will carefully consider all of them.

a Control number		VOID <input type="checkbox"/>	For Official Use Only ▲		OMB No. 1545-0008	22222
b Employer identification number		1 Wages, tips, other compensation		2 Federal income tax withheld		
		\$		\$		
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld		
		\$		\$		
		5 Medicare wages and tips		6 Medicare tax withheld		
		\$		\$		
		7 Social security tips		8 Allocated tips		
		\$		\$		
d Employee's social security number		9 Advance EIC payment		10 Dependent care benefits		
		\$		\$		
e Employee's first name and middle initial		11 Nonqualified plans		12a See instrs. for box 12		
		\$		\$		
Employee's last name		12b		12c		
		\$		\$		
Street address (including apt. no.)		13 Other				
City, state, and ZIP code		14 Stat. emp.		Deceased		Pens. plan
		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
				Legal rep.		Defd. comp.
				<input type="checkbox"/>		<input type="checkbox"/>
15 State/locality		Employer's state I.D. No.		16 State/local wages, tips, etc.		17 State/local income tax withheld
				\$		\$
				\$		\$

Form **W-2** Wage and Tax Statement **1999**

Department of the Treasury—Internal Revenue Service

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Copy A For Social Security Administration—Send this entire page with Form W-3 to the Social Security Administration; photocopies are **Not** acceptable.

Cat. No. 10134D

Do NOT Cut, Staple, or Separate Forms on This Page — Do NOT Cut, Staple, or Separate Forms on This Page

TLS, have you transmitted all R text files for this cycle update?

Ink: (Flint J-6983) INK: Black

Folio 1 of 4 of Form W-3 (Folio 2 is Blank) 2 Part

The type and rule above prints on all proofs including departmental reproduction proofs. **MUST** be removed before printing.

Date _____

Action	Date	Signature
O.K. to print T:FP:F		
O.K. to print Responsible scan organization		
Revised proofs requested		

DO NOT STAPLE

a Control number		For Official Use Only ▲		OMB No. 1545-0008		33333	
b Kind of Payer	941	Military	943	1 Wages, tips, other compensation	2 Federal income tax withheld		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$		
	CT-1	Hshld. emp.	Medicare gov. emp.	3 Social security wages	4 Social security tax withheld		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$	\$		
c Total number of Forms W-2	d Establishment number			5 Medicare wages and tips	6 Medicare tax withheld		
				\$	\$		
e Employer identification number				7 Social security tips	8 Allocated tips		
				\$	\$		
f Employer's name				9 Advance EIC payments	10 Dependent care benefits		
				\$	\$		
				11 Nonqualified plans	12 Deferred compensation		
				\$	\$		
g Employer's address and ZIP code				13			
				14			
h Other EIN used this year				15 Income tax withheld by third-party payer			
				\$			
i Employer's state I.D. No.							
Contact person	Telephone number	Fax number	E-mail address				
	()	()					

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶ Title ▶ Date ▶

Form **W-3 Transmittal of Wage and Tax Statements 1999** Department of the Treasury Internal Revenue Service

Send this entire page with the entire Copy A page of Forms W-2 to the Social Security Administration. Photocopies are NOT acceptable. **DO NOT SEND ANY REMITTANCE (cash, checks, money orders, etc.) WITH FORMS W-2 AND W-3.**

Foundations Status of Certain Organizations Announcement 98-56

The following organizations have failed to establish or have been unable to maintain their status as public charities or as operating foundations. Accordingly, grantors and contributors may not, after this date, rely on previous rulings or designations in the Cumulative List of Organizations (Publication 78), or on the presumption arising from the filing of notices under section 508(b) of the Code. This listing does *not* indicate that the organizations have lost their status as organizations described in section 501(c)(3), eligible to receive deductible contributions.

Former Public Charities. The following organizations (which have been treated as organizations that are not private foundations described in section 509(a) of the Code) are now classified as private foundations:

- Achieve the Dream Productions Inc., Chicago, IL
- Affordable Housing of Schenectady, Inc., Schenectady, NY
- Ark Intergenerational Day Care and Activity Center, Inc., Covington, KY
- AFYA Bora Mobile Medical Unit, San Jose, CA
- Airfest Foundation Inc., Branford, CT
- Alabama Council of Teachers of English, Birmingham, AL
- Allardt School Trust, Jamestown, TN
- Alliance of Black Churches Inc., Louisa, VA
- Ambrosene Personal Care Facility, Houston, TX
- Arid Club of Portage Michigan Inc., Portage, MI
- Ark Christian Ministries, Traverse City, MI
- Badger Union High School Endowment Fund, Inc., Lake Geneva, WI
- Bailey Smith Evangelistic Association, Inc., Atlanta, GA
- Baseball USA, San Antonio, TX
- BeBop and Beyond, Novato, CA
- Bijela Foundation, Westfield, NJ
- Black Cinematheque Dallas Inc., Dallas, TX
- Blue Moon Mountain Ranch-An Environmental and Educational Ctr., Fort Collins, CO
- Build-Up Ste Genevieve, Ste Genevieve, MO

- Boston Youth Soccer Partnership Inc., Rosalindale, MA
- Brockton Library Foundation, Inc., Brockton, MA
- CAL Foundation, Inc., New Orleans, LA
- Calmeadow 1993, Toronto, Canada
- Carl Albert Take-Down Club Inc., Midwest City, OK
- Carousel Infant and Childcare Center, Inc., Lima, OH
- Center for Attitudinal Healing in the Twin Cities, White Bear Lake, MN
- Central States Troopers Coalition Association, Oklahoma City, OK
- Charles S. Meyer Family Fund, Chicago, IL
- Childrens Charities, Armonk, NY
- Chinese Historical Society of Greater San Diego and Baja, San Diego, CA
- Childrens Food Services, Jefferson City, MO
- COBH Heritage Foundation, New York, NY
- Community Rehabilitative Services of Florida Inc., Lake Alfred, FL
- Conceptual International Agency, Anchorage, AK
- Crippled Children's Trust of Lincoln Lodge 914 BPOE, Lincoln, IL
- Cure Aids of Wilmington Inc., Wilmington, NC
- DCN Props, Gurnee, IL
- District One B'nai B'rith Foundation Inc., New York, NY
- Eminence Inc., San Jose, CA
- Education and Training Institute, Alexandria, VA
- Emergency Medical Transportation, Inc., Crookston, MN
- Family Health Care Center, Fargo, ND
- Field Day America, Inc., Notre Dame, IN
- Ford-Iroquois Farm Bureau, Gilman, IL
- Foristell Area Historical Society, Foristen, MO
- Foundation for Habitat and Children, Houston, TX
- Friends of North East Florida State Hospital, MacClenny, FL
- Grand Rapids Blaze, Grand Rapids, MI
- Green China, Boston, MA
- Gretna Economic Development Association Limited, Gretna, LA
- Hamsa Inc., Sedona, AZ
- Harvest the Lost Souls Ministries, Minneapolis, MN
- Headspeth Inc., Atlanta, GA
- Hospice Choice Inc., Memphis, TN

- I Can Inc., Lonoke, AR
- Initiative for Better Learning Inc., Austin, TX
- Jefferson County Juniors-United States Volleyball Association, Ft. Neches, TX
- Jesus Way, Inc., Stanten Island, NY
- Keehi Memorial Organization, Honolulu, HI
- Kentucky Association of Collegiate Registrars and Admissions Officers, Somerset, KY
- Las Americas Inc., Hyattsville, MD
- Latino Health Organization Inc., Milwaukee, WI
- Le Cercle Francais, Inc., N. Billerica, MA
- Local 666 I A T S E Disaster Relief Fund, Chicago, IL
- Lord's Kitchen, Connorsville, IN
- Mainstay Boarding Inc., Battle Creek, MI
- Mechling Historical Association, Watseka, IL
- Midwest Poultry Consortium Inc., Litchfield, MN
- Minnechaduzza Creek Basin Foundation, Valentine, NE
- Mira Loma High School Booster Club Inc., Sacramento, CA
- Mobile Harvest, Saraland, AL
- Much Has Been Given Inc., Provo, UT
- National Academy of Law Ethics & Management Inc., Las Vegas, NV
- New Beginnings Day Care Inc., Tomahawk, WI
- New York Hysterical Society Inc., New York, NY
- North Communities Improvements Association Inc., Pittsburgh, PA
- Northwest Striders Track Club, Olympia, WA
- Osmania University Alumni Foundation of the United States, Whitefish Bay, WI
- P R I D E for Our Children Inc., Lansdale, PA
- Parents Forum, Cambridge, MA
- Pebbles of Faith, Inc., Bolivar, MO
- Phoenix Resident Council Incorporated, Seminole, OK
- Photographic Arts Center of Philadelphia Inc., Philadelphia, PA
- Playground Project Inc., Oceanville, NJ
- Point Comfort Volunteer Fire Department of Point Comfort Texas, Point Comfort, TX
- Presidential Inaugural Foundation-1993, Washington, DC

Project 40, Brooklyn, NY
 Project Peer Foundation, Phoenix, AZ
 Providing Accessible Living Limited,
 New Orleans, LA
 Public Advocates Together for Health,
 Inc., Hartsdale, NY
 R S I Court of the Texas Riveria Empire
 Inc., Corpus Christi, TX
 Rose Garden Centre, Inc., St. Louis,
 MO
 Rotary Club of Albuquerque Del Norte
 Charity Golf Foundation,
 Albuquerque, NM
 Ruth Martin Little Theatre of Dauphin
 Island, Dauphin Island, AL
 San Antonio Urban Network,
 San Antonio, TX
 Servlife International Inc., Houston, TX
 Shawn Allyce White Foundation,
 Washington, DC
 Shelter Plus Inc., N. Miami Beach, FL
 Southwest Florida Library Network,
 Ft. Myers, FL
 Stop the Madness Movement Committee,
 Inc., Grand Rapids, MI
 Tejanos Unidos Association of Dallas
 Fort Worth, Grand Prairie, TX
 Tennessee Soybean Festival Inc., Martin,
 TN
 Thank You Research Inc., Washington,
 DC
 Tigard Aquatic Club of Oregon Inc.,
 Tualatin, OR
 Tim Freudenberg Scholarship Fund, Cold
 Spring, KY
 Timeless Tales Inc., Denver, CO
 Timeweave a Nonprofit Corporation,
 Boulder, CO
 Timothy's House of Hope in Sioux, Sioux
 Falls, SD
 Tippecanoe Youth Chorus Inc., Lafayette,
 IN
 Toba Foundation Inc., Tampa, FL
 Toivola-Meadowlands Development Inc.,
 Meadowlands, MN
 Toledo Insectarium Society, Toledo, OH
 Tomorrow's Visions Incorporated, West
 Hyattsville, MD
 Tomorrows Youth Today Inc., Worcester,
 MA
 Too Cool Foundation Inc., Houston, TX
 Toombs County Foster Parent
 Association, Lyons, GA
 Top Ten Scholarship Foundation, Los
 Angeles, CA
 Tortorell Charity Fund Inc., Chicago, IL
 Touch of God Ministry Inc., Miami, FL
 Touch Somebodys Life, Youngstown, OH
 Touch the Earth Foundation, Solana
 Beach, CA
 Touching All Persons Inc., Detroit, MI
 Tower Homes Development Corporation,
 Compton, CA
 Town and Country Competitive Soccer
 Inc., Tampa, FL
 Trade Schools, Inc., Rockville, VA
 Trails End Riding Association for the
 Disabled, Fountain, CO
 Train Up a Child Foundation, Carrollton,
 TX
 Transitional Family Turning Point,
 Columbia, MO
 Transplant Events Fund, Wauwatosa, WI
 Transportation and Technology Museum,
 Pittsburgh, PA
 Trauma Recovery Foundation, Salt Lake
 City, UT
 Trauma Research Center Inc., Tampa, FL
 Travelers Aid Services of Santa Clara
 County, San Jose, CA
 Trek for Life Inc., New Brunswick, NJ
 Tremont Education Foundation, Tremont,
 IL
 Trends Training Resources Education and
 Networking on Down Syndrome,
 Holland, MI
 Trenton New Jersey Police Bicentennial
 and Museum Committee, Inc.,
 Hamilton TWP, NJ
 Tres Foundation, San Antonio, TX
 Tri-Central Youth Soccer Club, Kempton,
 IN
 Tri-City Council for Dietetic Education,
 Saginaw, MI
 Tri County Community Partnership,
 Peoria, IL
 Tri-County Medical Emergency
 Response Team Inc., Midland, IN
 Tri-State Amateur Radio Society
 Incorporated, Evansville, IN
 Triad Arts Ensemble, Morristown, NJ
 Triangle Blues Society, Cary, NC
 Triangle Recovery Foundation Inc.,
 Beaumont, TX
 Trinity Adoption Services International
 Inc., Houston, TX
 Trinity Hospice Inc., Runnemedede, NJ
 Trinity House Inc., Hamilton, OH
 Trinity Development Corporation,
 Oakland, CA
 Triple Cross Ranch Inc., Okeechobee, FL
 Tripp Civic Group, Chicago, IL
 True-Holiness Outreach Ministries Inc.,
 Memphis, TN
 Truevine Community Outreach,
 Lynwood, CA
 Truth Light & Life Ministries,
 Mt. Crawford, VA
 Tucson Electric Vehicle Association,
 Tucson, AZ
 Tucumcari Central Parent-Teacher,
 Tucumcari, NM
 Tuebingen Placid Way Development
 LTD., Ann Arbor, MI
 Tulsa Area Wheelchair Sports
 Association, Broken Arrow, OK
 Tulsa Boys Ranch Inc., Tulsa, OK
 Tulsa Memorial High School Foundation
 Inc., Tulsa, OK
 Tuscaloosa Christian United Appeal
 Fund, Tuscaloosa, AL
 Tuslaw Jr. Baseball Association, North
 Lawrence, OH
 Twenty London Road Inc., Cranford, NJ
 Twin Drug Rehab and Poly-Ti-Cians
 Home Inc., Fort Worth, TX
 Twin Elms Writers Center Inc.,
 Princeton, NJ
 Two Virginias Crusade With Billy
 Graham, Princeton, WV
 Tyler Place Community Development
 Incorporation, Atlanta, GA
 Tyrrell Action Group Inc., Columbia, NC
 UCA Childrens Charities Foundation
 Inc., Memphis, TN
 U S A Amateur Baseball Hall of Fame,
 Millington, TN
 Unified Upliftment, Inc., Brandon, FL
 Union Kids Baseball Inc., Tulsa, OK
 Union-Tippah Rebel Club Inc., New
 Albany, MS
 United States Veterans Shelter, Phoenix,
 AZ
 Unity Housing Corporation, Manvel, TX
 Universal Mercy Foundation of Islam,
 Livonia, MI
 Up Front Film Society, Redding, CA
 Up-High Parenting for Prevention
 Services, Flint, MI
 Upper Valley Youth Association,
 Concrete, WA
 Upstream Incorporated, Canoga Park, CA
 Vallejo Youth Football & Cheerleading
 Association, Vallejo, CA
 Valley Community Care Productions Inc.,
 Arleta, CA
 Vamos A La Pena Del Bronx, Inc.,
 Bronx, NY
 Vanguard Communications, St. Louis, MO
 Vermont Womens Foundation, Shelburne,
 VT
 Versin House Inc. Community Living
 Facility, Dolton, IL
 Vics House, Stockton, CA

Victims of Crime Project, Los Angeles,
CA
Victory Ohana Prison Fellowship,
Honolulu, HI
Vietnamese Association of Charlotte,
Charlotte, NC
Vietnamese Scholarship Foundation,
Portland, OR
Village Associates, Inc., Bridgeport, CT
Vintage BMW House, McKinleyville,
CA
W G Barber Scholarship Fund, El Paso,
TX
WDIY, Washington, DC
Waconia Horizons a Minnesota Main
Street Program, Waconia, MN
Wall Biker Memorial Inc., Wisconsin
Dells, WI
Warren Public Library, Inc., Warren, CT

Watertown Athletic Booster Club,
Watertown, WI
Waupaca Area Public Radio
Incorporated, Waupaca, WI
We Care of Franklin County Inc., Rocky
Mount, VA
Weikali Ninja Do Self Protection Agency,
Inc., Nedrow, NY
Wellness 3000, Occidental, CA
Wellpinit Indian Student Scholarship
Fund, Wellpinit, WA
West Central Booster Club Inc., Fayette,
IA
West Mesa High School Boosters,
Albuquerque, NM
West Parent Teacher Organization, New
Philadelphia, OH
West Texas Performing Arts Society,
Lubbock, TX

Westchester Center for Training &
Development, Inc., White Plains, NY
Wethersfield Elderly Housing
Corporation, E. Hartford, CT

If an organization listed above submits information that warrants the renewal of its classification as a public charity or as a private operating foundation, the Internal Revenue Service will issue a ruling or determination letter with the revised classification as to foundation status. Grantors and contributors may thereafter rely upon such ruling or determination letter as provided in section 1.509(a)-7 of the Income Tax Regulations. It is not the practice of the Service to announce such revised classification of foundation status in the Internal Revenue Bulletin.

Announcement of the Expedited Suspension of Attorneys, Certified Public Accountants, Enrolled Agents, and Enrolled Actuaries From Practice Before the Internal Revenue Service

Under title 31 of the Code of Federal Regulations, section 10.76, the Director of Practice is authorized to immediately suspend from practice before the Internal Revenue Service any practitioner who, within five years from the date the expedited proceeding is instituted, (1) has had a license to practice as an attorney, certified public accountant, or actuary suspended or revoked for cause; or (2) has been convicted of any crime under title 26 of the United States Code or, of a felony under title 18 of the United States Code involving dishonesty or breach of trust.

Attorneys, certified public accountants, enrolled agents, and enrolled actuaries are

prohibited in any Internal Revenue Service matter from directly or indirectly employing, accepting assistance from, being employed by, or sharing fees with, any practitioner disbarred or suspended from practice before the Internal Revenue Service.

To enable attorneys, certified public accountants, enrolled agents, and enrolled actuaries to identify practitioners under expedited suspension from practice before the Internal Revenue Service, the Director of Practice will announce in the Internal Revenue Bulletin the names and addresses of practitioners who have been suspended from such practice, their designation as attorney, certified public accountant, en-

rolled agent, or enrolled actuary, and date or period of suspension. This announcement will appear in the weekly Bulletin at the earliest practicable date after such action and will continue to appear in the weekly Bulletins for five successive weeks or for as many weeks as is practicable for each attorney, certified public accountant, enrolled agent, or enrolled actuary so suspended and will be consolidated and published in the Cumulative Bulletin.

The following individual has been placed under suspension from practice before the Internal Revenue Service by virtue of the expedited proceeding provisions of the applicable regulations:

Name	Address	Designation	Date of Suspension
McDonald, Milton	Stone Mountain, GA	Attorney	Indefinite from February 24, 1998
Parsons, Gary D.	Chattanooga, TN	CPA	Indefinite from February 24, 1998
Buchanan, Steven	Phoenix, AZ	Attorney	Indefinite from February 24, 1998
Caplan, Alan	San Francisco, CA	Attorney	Indefinite from February 24, 1998
Delany, R. Emmet	Ridgefield, CT	Attorney	Indefinite from February 24, 1998
Hirsch, Sheldon	Brooklyn, NY	CPA	Indefinite from February 24, 1998
Newman, Peter R.	Syosset, NY	Attorney	Indefinite from February 24, 1998
Land, Gary	Fayetteville, AR	Enrolled Agent	Indefinite from February 24, 1998
Hunt, William D.	Tulsa, OK	Attorney	Indefinite from February 24, 1998
Hamilton, Robert	Corpus Christie, TX	Attorney	Indefinite from February 24, 1998
Rabinowitz, Emile	Minnetonka, MN	Enrolled Agent	Indefinite from February 24, 1998
McCaffrey, Michael	Wheaton, IL	CPA	Indefinite from February 24, 1998
Eisenstein, Joel	St. Charles, MO	Attorney	Indefinite from February 24, 1998
Cannavo Jr., Joseph S.	St. Louis, MO	Attorney	Indefinite from February 24, 1998
Tilker, Robert M.	Fairfax, VA	CPA	Indefinite from February 24, 1998
Toms, James H.	Hendersonville, NC	Attorney	Indefinite from February 24, 1998
Everett, Kenneth	New York, NY	Attorney	Indefinite from February 24, 1998
Frederick, Charles	Elk Grove	Enrolled Agent	Indefinite from March 13, 1998
Artho, David	Lubbock, TX	CPA	Indefinite from March 18, 1998
Seale, Forrest I.	San Antonio, TX	CPA	Indefinite from March 18, 1998
Yancey, Quinton E.	Stephens City, VA	CPA	Indefinite from March 18, 1998
Hunnicut, Benjamin	Reseda, CA	CPA	Indefinite from March 18, 1998
Finkel, Merle	Beverly Hills, CA	CPA	Indefinite from March 18, 1998
Mullay, Carl P.	Swoyersville, PA	CPA	Indefinite from March 18, 1998

Name	Address	Designation	Date of Suspension
Cunning, Dennis A.	Molalla, OR	CPA	Indefinite from March 18, 1998
Adamson, Steven A.	Nampa, ID	Attorney	Indefinite from April 14, 1998
Bowman, David W.	Colorado Springs, CO	Attorney	Indefinite from April 21, 1998
Beezley, Jack L.	Dallas, TX	Attorney	Indefinite from April 21, 1998
Cunningham, Andrew	Hatfield, PA	CPA	Indefinite from April 28, 1998
Palmquist, Craig S.	Seattle, WA	Attorney	Indefinite from April 21, 1998
Ross, Mark J.	Columbus, OH	Attorney	Indefinite from April 21, 1998
Madoch, Lawrence	Elgin, IL	CPA	Indefinite from April 21, 1998
Taylor, George M.	Springfield, IL	Attorney	Indefinite from April 21, 1998
Casey, Kenneth J.	Corte Madera, CA	CPA	Indefinite from April 21, 1998
Akolt III, John P.	Denver, CO	Attorney	Indefinite from April 21, 1998
Dowdy, Frank	Huntsville, AL	CPA	Indefinite from April 28, 1998
Eckert, Bruce G.	Cleveland, OH	CPA	May 2, 1998 to May 1, 1999
Rozanski, Lawrence J.	Pittsburgh, PA	CPA	June 1, 1998 to May 30, 2000
Mangum, Carl E.	Morris Plains, NJ	CPA	July 1, 1998 to December 31, 1999
Reeser, Richard M.	Thornton, CO	CPA	July 1, 1998 to September 30, 1999
Bailey, Thomas O.	Dallas, TX	CPA	July 1, 1998 to June 30, 2001
Johnson, Kenneth E.	Forest Lake, MN	CPA	July 1, 1998 to November 30, 1999
Deren, Joseph	Lackawanna, NY	Attorney	July 1, 1998 to June 30, 2001

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 ap-

plies 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 law 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 the 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 Contribution 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.—Statements 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

Bulletins 1998–1 through 1998–25

Announcements:

98–1, 1998–2 I.R.B. 38
98–2, 1998–2 I.R.B. 38
98–3, 1998–2 I.R.B. 38
98–4, 1998–4 I.R.B. 31
98–5, 1998–5 I.R.B. 25
98–6, 1998–5 I.R.B. 25
98–7, 1998–5 I.R.B. 26
98–8, 1998–6 I.R.B. 96
98–9, 1998–7 I.R.B. 35
98–10, 1998–7 I.R.B. 35
98–11, 1998–8 I.R.B. 42
98–12, 1998–8 I.R.B. 43
98–13, 1998–8 I.R.B. 43
98–14, 1998–8 I.R.B. 44
98–15, 1998–10 I.R.B. 36
98–16, 1998–9 I.R.B. 17
98–17, 1998–9 I.R.B. 16
98–18, 1998–10 I.R.B. 44
98–19, 1998–10 I.R.B. 44
98–20, 1998–11 I.R.B. 25
98–21, 1998–11 I.R.B. 26
98–22, 1998–12 I.R.B. 33
98–23, 1998–12 I.R.B. 34
98–24, 1998–12 I.R.B. 35
98–25, 1998–13 I.R.B. 43
98–26, 1998–14 I.R.B. 28
98–27, 1998–15 I.R.B. 30
98–28, 1998–15 I.R.B. 30
98–29, 1998–16 I.R.B. 48
98–30, 1998–17 I.R.B. 38
98–32, 1998–17 I.R.B. 39
98–33, 1998–17 I.R.B. 39
98–34, 1998–17 I.R.B. 39
98–35, 1998–17 I.R.B. 40
98–36, 1998–18 I.R.B. 18
98–37, 1998–19 I.R.B. 24
98–38, 1998–19 I.R.B. 26
98–39, 1998–20 I.R.B. 24
98–40, 1998–20 I.R.B. 24
98–41, 1998–20 I.R.B. 25
98–42, 1998–21 I.R.B. 26
98–43, 1998–21 I.R.B. 26
98–44, 1998–22 I.R.B. 24
98–45, 1998–23 I.R.B. 18
98–46, 1998–25 I.R.B. 11
98–47, 1998–23 I.R.B. 5
98–48, 1998–24 I.R.B. 6
98–49, 1998–23 I.R.B. 19
98–50, 1998–23 I.R.B. 20
98–51, 1998–24 I.R.B. 7
98–52, 1998–24 I.R.B. 37
98–53, 1998–24 I.R.B. 37
98–54, 1998–25 I.R.B. 11

Notices:

98–1, 1998–3 I.R.B. 42
98–2, 1998–2 I.R.B. 22
98–3, 1998–3 I.R.B. 48
98–4, 1998–2 I.R.B. 25
98–5, 1998–3 I.R.B. 49
98–6, 1998–3 I.R.B. 52
98–7, 1998–3 I.R.B. 54
98–8, 1998–4 I.R.B. 6
98–9, 1998–4 I.R.B. 8
98–10, 1998–6 I.R.B. 9
98–11, 1998–6 I.R.B. 18
98–12, 1998–5 I.R.B. 12

Notices—Continued

98–13, 1998–6 I.R.B. 19
98–14, 1998–8 I.R.B. 27
98–15, 1998–9 I.R.B. 8
98–16, 1998–15 I.R.B. 12
98–17, 1998–11 I.R.B. 6
98–18, 1998–12 I.R.B. 11
98–19, 1998–13 I.R.B. 24
98–20, 1998–13 I.R.B. 25
98–21, 1998–15 I.R.B. 14
98–22, 1998–17 I.R.B. 5
98–23, 1998–18 I.R.B. 9
98–24, 1998–17 I.R.B. 5
98–25, 1998–18 I.R.B. 11
98–26, 1998–18 I.R.B. 14
98–27, 1998–18 I.R.B. 14
98–28, 1998–19 I.R.B. 7
98–29, 1998–22 I.R.B. 8
98–30, 1998–22 I.R.B. 9
98–31, 1998–22 I.R.B. 10
98–32, 1998–22 I.R.B. 23
98–33, 1998–25 I.R.B. 10

Proposed Regulations:

PS–158–86, 1998–11 I.R.B. 13
REG–100841–97, 1998–8 I.R.B. 30
REG–102144–98, 1998–15 I.R.B. 25
REG–102894–97, 1998–3 I.R.B. 59
REG–104062–97, 1998–10 I.R.B. 34
REG–104537–97, 1998–16 I.R.B. 21
REG–104691–97, 1998–11 I.R.B. 13
REG–105163–97, 1998–8 I.R.B. 31
REG–109333–97, 1998–9 I.R.B. 9
REG–109704–97, 1998–3 I.R.B. 60
REG–110965–97, 1998–13 I.R.B. 42
REG–115795–97, 1998–8 I.R.B. 33
REG–119449–97, 1998–10 I.R.B. 35
REG–120200–97, 1998–12 I.R.B. 32
REG–120882–97, 1998–14 I.R.B. 25
REG–121268–97, 1998–20 I.R.B. 12
REG–121755–97, 1998–9 I.R.B. 13
REG–208299–90, 1998–16 I.R.B. 26
REG–209276–87, 1998–11 I.R.B. 18
REG–209322–82, 1998–15 I.R.B. 26
REG–209373–81, 1998–14 I.R.B. 26
REG–209463–82, 1998–4 I.R.B. 27
REG–209476–82, 1998–8 I.R.B. 36
REG–209484–87, 1998–8 I.R.B. 40
REG–209485–86, 1998–11 I.R.B. 21
REG–209682–94, 1998–17 I.R.B. 20
REG–209807–95, 1998–8 I.R.B. 40
REG–243025–96, 1998–18 I.R.B. 18
REG–251502–96, 1998–9 I.R.B. 14
REG–251698–96, 1998–20 I.R.B. 14

Revenue Procedures:

98–1, 1998–1 I.R.B. 7
98–2, 1998–1 I.R.B. 74
98–3, 1998–1 I.R.B. 100
98–4, 1998–1 I.R.B. 113
98–5, 1998–1 I.R.B. 155
98–6, 1998–1 I.R.B. 183
98–7, 1998–1 I.R.B. 222
98–8, 1998–1 I.R.B. 225
98–9, 1998–3 I.R.B. 56
98–10, 1998–2 I.R.B. 35
98–11, 1998–4 I.R.B. 9
98–12, 1998–4 I.R.B. 18
98–13, 1998–4 I.R.B. 21
98–14, 1998–4 I.R.B. 22
98–15, 1998–4 I.R.B. 25

Revenue Procedures—Continued

98–16, 1998–5 I.R.B. 19
98–17, 1998–5 I.R.B. 21
98–18, 1998–6 I.R.B. 20
98–19, 1998–7 I.R.B. 30
98–20, 1998–7 I.R.B. 32
98–21, 1998–8 I.R.B. 27
98–22, 1998–12 I.R.B. 11
98–23, 1998–10 I.R.B. 30
98–24, 1998–10 I.R.B. 31
98–25, 1998–11 I.R.B. 7
98–26, 1998–13 I.R.B. 26
98–27, 1998–15 I.R.B. 15
98–28, 1998–15 I.R.B. 14
98–29, 1998–15 I.R.B. 22
98–30, 1998–17 I.R.B. 6
98–31, 1998–23 I.R.B. 9
98–32, 1998–17 I.R.B. 11
98–33, 1998–19 I.R.B. 7
98–34, 1998–18 I.R.B. 15
98–35, 1998–21 I.R.B. 6
98–36, 1998–23 I.R.B. 10

Revenue Rulings:

98–1, 1998–2 I.R.B. 5
98–2, 1998–2 I.R.B. 15
98–3, 1998–2 I.R.B. 4
98–4, 1998–2 I.R.B. 18
98–5, 1998–2 I.R.B. 20
98–6, 1998–4 I.R.B. 4
98–7, 1998–6 I.R.B. 6
98–8, 1998–7 I.R.B. 24
98–9, 1998–6 I.R.B. 5
98–10, 1998–10 I.R.B. 11
98–11, 1998–10 I.R.B. 13
98–12, 1998–10 I.R.B. 5
98–13, 1998–11 I.R.B. 4
98–14, 1998–11 I.R.B. 4
98–15, 1998–12 I.R.B. 6
98–16, 1998–13 I.R.B. 18
98–17, 1998–13 I.R.B. 21
98–18, 1998–14 I.R.B. 22
98–19, 1998–15 I.R.B. 5
98–20, 1998–15 I.R.B. 8
98–21, 1998–18 I.R.B. 7
98–22, 1998–19 I.R.B. 5
98–23, 1998–18 I.R.B. 5
98–24, 1998–19 I.R.B. 6
98–25, 1998–19 I.R.B. 4
98–26, 1998–21 I.R.B. 4
98–27, 1998–22 I.R.B. 4
98–28, 1998–22 I.R.B. 5
98–29, 1998–24 I.R.B. 4
98–30, 1998–25 I.R.B. 8
98–31, 1998–25 I.R.B. 4
98–32, 1998–25 I.R.B. 4

Treasury Decisions:

8740, 1998–3 I.R.B. 4
8741, 1998–3 I.R.B. 6
8742, 1998–5 I.R.B. 4
8743, 1998–7 I.R.B. 26
8744, 1998–7 I.R.B. 20
8745, 1998–7 I.R.B. 15
8746, 1998–7 I.R.B. 4
8747, 1998–7 I.R.B. 18
8748, 1998–8 I.R.B. 24
8749, 1998–7 I.R.B. 16
8750, 1998–8 I.R.B. 4
8751, 1998–10 I.R.B. 23
8752, 1998–9 I.R.B. 4

¹ See footnote at end of list.

Numerical Finding List—Continued

Bulletins 1998–1 through 1998–25

Treasury Decisions—Continued

8753, 1998–9 I.R.B. 6
8754, 1998–10 I.R.B. 15
8755, 1998–10 I.R.B. 21
8756, 1998–12 I.R.B. 4
8757, 1998–13 I.R.B. 4
8758, 1998–13 I.R.B. 15
8759, 1998–13 I.R.B. 19
8760, 1998–14 I.R.B. 4
8761, 1998–14 I.R.B. 13
8762, 1998–14 I.R.B. 15
8763, 1998–15 I.R.B. 5
8764, 1998–15 I.R.B. 9
8765, 1998–16 I.R.B. 11
8766, 1998–16 I.R.B. 17
8767, 1998–16 I.R.B. 4
8768, 1998–20 I.R.B. 4

¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 1997–27 through 1997–52 will be found in Internal Revenue Bulletin 1998–1, dated January 5, 1998.

Finding List of Current Action on Previously Published Items¹

Bulletins 1998–1 through 1998–25

Revenue Procedures:

91–59

Updated and superseded by
98–25, 1998–11 I.R.B. 7

94–16

Modified and superseded by
98–22, 1998–12 I.R.B. 11

93–62

Modified and superseded by
98–22, 1998–12 I.R.B. 11

95–35

95–35A

Superseded by
98–19, 1998–7 I.R.B. 30

96–29

Modified and superseded by
98–22, 1998–12 I.R.B. 11

97–1

Superseded by
98–1, 1998–1 I.R.B. 7

97–2

Superseded by
98–2, 1998–1 I.R.B. 74

97–3

Superseded by
98–3, 1998–1 I.R.B. 100

97–4

Superseded by
98–4, 1998–1 I.R.B. 113

97–5

Superseded by
98–5, 1998–1 I.R.B. 155

97–6

Superseded by
98–6, 1998–1 I.R.B. 183

97–7

Superseded by
98–7, 1998–1 I.R.B. 222

97–8

Superseded by
98–8, 1998–1 I.R.B. 225

97–21

Superseded by
98–2, 1998–1 I.R.B. 74

97–24

97–24A

Superseded by
98–33, 1998–19 I.R.B. 7

97–26

Obsoleted by
98–28, 1998–15 I.R.B. 14

97–28

Superseded by
98–36, 1998–23 I.R.B. 10

97–34

Superseded by
98–35, 1998–21 I.R.B. 6

Revenue Procedures—Continued

97–53

Superseded by
98–3, 1998–1 I.R.B. 100

Revenue Rulings:

68–352

Obsoleted by
98–24, 1998–19 I.R.B. 6

70–225

Modified by
98–27, 1998–22 I.R.B. 4

73–198

Modified by
98–24, 1998–19 I.R.B. 6

75–17

Supplemented and superseded by
98–5, 1998–2 I.R.B. 20

75–406

Obsoleted by
98–27, 1998–22 I.R.B. 4

92–19

Supplemented in part by
98–2, 1998–2 I.R.B. 15

96–30

Obsoleted by
98–27, 1998–22 I.R.B. 4

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Notes

Notes

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