

Notice of Proposed Rulemaking by Cross-Reference to Temporary Regulations

Use of Actuarial Tables in Valuing Annuities, Interests for Life or Terms of Years, and Remainder or Reversionary Interests

REG-103851-99

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: These proposed regulations relate to the use of actuarial tables in valuing annuities, interests for life or terms of years, and remainder or reversionary interests. These regulations are necessary because section 7520(c)(3) directs the Secretary to update the actuarial tables to reflect the most recent mortality experience available. These regulations will affect the valuation of inter vivos and testamentary transfers of interest dependent on one or more measuring lives. The text of the temporary regulations in T.D. 8819, page 5 of this Bulletin, also serves as the text of these proposed regulations.

DATES: Written and electronic comments and requests for a public hearing must be received by July 29, 1999.

ADDRESSES: Send submissions to CC:DOM:CORP:R (REG-103851-99), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington DC 20044. Submissions may also be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-103851-99), 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/taxregs/comments.html>.

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, William L. Blodgett, (202) 622-3090; concerning submissions, Guy Traynor, (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

Temporary regulations in T.D. 8819 amend Income Tax Regulations (26 CFR part 1) under sections 642(c)(5) and 664, Estate Tax Regulations (26 CFR part 20) under section 2031, and Gift Tax Regulations (26 CFR part 25) under section 2512. These regulations revise actuarial tables used for the valuation of partial interests in property under section 7520 to reflect the mortality experience based on the 1990 United States census, the most recent mortality experience available.

The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations.

Special Analysis

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment 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 these regulations do not impose a collection of information requirement on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Proposed Effective Date

The regulations are proposed to apply to the valuation of annuities, interests for life or terms of years, and remainder or reversionary interests for valuation dates after April 30, 1999.

Comments and requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any electronic and written comments (a signed original and 8 copies) that are submitted timely to the IRS. All comments will be available for public inspection and copying. A public hearing may be scheduled if requested in writing by any person who timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the **Federal Register**.

Drafting Information

The principal author of these regulations is William L. Blodgett, Office of Assistant Chief Counsel (Passthroughs and Special Industries), IRS. 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 1.170A-12 is amended by revising paragraphs (b)(2) and (b)(3) to read as follows:

§1.170A-12 Valuation of a remainder interest in real property for contributions made after July 31, 1969.

* * * * *

(b) * * *

(2) [The text of this proposed paragraph (b)(2) is the same as the text of §1.170A-12T(b)(2) published in T.D. 8819.]

(3) [The text of this proposed paragraph (b)(3) is the same as the text of §1.170A-12T(b)(3) published in T.D. 8819.]

* * * * *

Par. 3. Section 1.642(c)-6 is amended by revising paragraphs (d), (e) and (f) to read as follows:

§1.642(c)-6 Valuation of a remainder interest in property transferred to a pooled income fund.

* * * * *

(d) [The text of this proposed paragraph (d) is the same as the text of §1.642(c)-6T(d) published in T.D. 8819.]

(e) [The text of this proposed paragraph (e) is the same as the text of §1.642(c)-6T(e) published in T.D. 8819.]

(f) [The text of this proposed paragraph (f) is the same as the text of §1.642(c)-6T(f) published in T.D. 8819.]

Par. 4. Section 1.664-4 is amended by revising paragraphs (a)(1), (d), (e) and (f) to read as follows:

§1.664-4 Calculation of the fair market value of the remainder interest in a charitable remainder unitrust.

(a) * * *

(1) [The text of this proposed paragraph (a)(1) is the same as the text of §1.664-4T(a)(1) published in T.D. 8819.]

* * * * *

* * * * *

(d) [The text of this proposed paragraph (d) is the same as the text of §1.664-4T(d) published in T.D. 8819.]

(e) [The text of this proposed paragraph (e) is the same as the text of §1.664-4T(e) published in T.D. 8819.]

(f) [The text of this proposed paragraph (f) is the same as the text of §1.664-4T(f) published in T.D. 8819.]

Par. 4. Section 1.7520-1 is amended by revising paragraphs (b)(2), (c)(1), (c)(2) and (d) to read as follows:

§1.7520-1 Valuation of annuities, unitrust interest, interests for life or terms of years, and remainder or reversionary interests.

* * * * *

(b) * * *

(2) [The text of this proposed paragraph (b)(2) is the same as the text of §1.7520-1T(b)(2) published in T.D. 8819.]

(c) * * *

(1) [The text of this proposed paragraph (c)(1) is the same as the text of §1.7520-1T(c)(1) published in T.D. 8819.]

(2) [The text of this proposed paragraph (c)(2) is the same as the text of §1.7520-1T(c)(2) published in T.D. 8819.]

(d) [The text of this proposed paragraph (d) is the same as the text of §1.7520-1T(d) published in T.D. 8819.]

PART 20-ESTATE TAX; ESTATES OF DECEDENTS DYING AFTER AUGUST 16, 1954

Par. 5. The authority citation for part 20 continues to read in part as follows:

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

Par. 6. Section 20.2031-7 is amended by revising paragraphs (c), (d) and (e) to read as follows:

§20.2031-7 Valuation of annuities, interests for life or term of years, and remainder or reversionary interests.

* * * * *

(c) [The text of this proposed paragraph (c) is the same as the text of §20.2031-7T(c) published in T.D. 8819.]

(d) [The text of this proposed paragraph (d) is the same as the text of §20.2031-7T(d) published in T.D. 8819.]

(e) [The text of this proposed paragraph (e) is the same as the text of §20.2031-7T(e) published in T.D. 8819.]

Par. 7. Section 20.7520-1 is amended by revising paragraphs (a)(2), (b)(2), (c)(1), (c)(2) and (d) to read as follows:

§20.7520-1 Valuation of annuities, unitrust interests, interests for life or term of years, and remainder or reversionary interests.

(a) * * *

(2) [The text of this proposed paragraph (a)(2) is the same as the text of §20.7520-1T(a)(2) published in T.D. 8819.]

* * * * *

(b) * * *

(2) [The text of this proposed paragraph (b)(2) is the same as the text of §20.7520-1T(b)(2) published in T.D. 8819.]

(c) * * *

(1) [The text of this proposed paragraph (c)(1) is the same as the text of §20.7520-1T(c)(1) published in T.D. 8819.]

(2) [The text of this proposed paragraph (c)(2) is the same as the text of §20.7520-1T(c)(2) published in T.D. 8819.]

(d) [The text of this proposed paragraph (d) is the same as the text of §20.7520-1T(d) published in T.D. 8819.]

PART 25-GIFT TAX; GIFTS MADE AFTER DECEMBER 31, 1954

Par. 8. The authority citation for part 25 continues to read in part as follows:

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

Par. 9. Section 25.2512-5 is amended by revising paragraphs (c), (d) and (e) to read as follows:

§25.2512-5 Valuation of annuities, unitrust interest, interests for life or term of years, and remainder or reversionary interests.

* * * * *

(c) [The text of this proposed paragraph (c) is the same as the text of §25.2512-5T(c) published in T.D. 8819.]

(d) [The text of this proposed paragraph (d) is the same as the text of §25.2512-5T(d) published in T.D. 8819.]

(e) [The text of this proposed paragraph

(e) is the same as the text of §25.2512-5T(e) published in T.D. 8819.]

Par. 10. Section 25.7520-1 is amended by revising paragraphs (b)(2), (c)(1), (c)(2) and (d) to read as follows:

§25.7520-1 Valuation of annuities, unitrust interests, interests for life or term of years, and remainder or reversionary interests.

* * * * *

(b) * * *

(2) [The text of this proposed paragraph (b)(2) is the same as the text of §25.7520-1T(b)(2) published in T.D. 8819.]

(c) * * *

(1) [The text of this proposed paragraph (c)(1) is the same as the text of §25.7520-1T(c)(1) published in T.D. 8819.]

(2) [The text of this proposed paragraph (c)(2) is the same as the text of §25.7520-1T(c)(2) published in T.D. 8819.]

(d) [The text of this proposed paragraph (d) is the same as the text of §25.7520-1T(d) published in T.D. 8819.]

Robert E. Wenzel,
Deputy Commissioner of
Internal Revenue.

(Filed by the Office of the Federal Register on April 29, 1999, 8:45 a.m., and published in the issue of the Federal Register for April 30, 1999, 64 F.R. 23245)