

Electronic Submission of Lists Identifying Contracts Subject to Closing Agreements Under Rev. Rul. 2005-6

Notice 2005-35

This notice provides procedures under which a list identifying the contracts subject to a closing agreement under Rev. Rul. 2005-6, 2005-6 I.R.B. 471, may be submitted to the Internal Revenue Service in electronic format.

Rev. Rul. 2005-6 provides that for purposes of determining whether a contract qualifies as a life insurance contract under § 7702 of the Internal Revenue Code, and as a modified endowment contract (MEC) under § 7702A, charges for qualified additional benefits (QABs) must be taken into account under the expense charge rule of § 7702(c)(3)(B)(ii). The revenue ruling provides three alternatives to life insurance contract issuers whose compliance systems do not currently account for charges for QABs under the expense charge rule of § 7702(c)(3)(B)(ii). Under Alternatives B and C of the ruling an issuer may request relief in the form of a closing agreement under which contracts will not be treated as having failed the requirements of § 7702(a) or as MECs under § 7702A by reason of improperly accounting for charges for existing QABs. The issuer's request for a closing agreement must include a list identifying the contracts for which relief is requested.

The Internal Revenue Service has learned that, in some cases, a list identifying the contracts subject to a closing agreement may be sufficiently large that it could be burdensome for issuers to provide the list on paper. Accordingly, an issuer may submit the list electronically, in read-only format, on either a CD-ROM or diskette. Adobe Portable Document format is a suitable format. Other formats may be arranged on a case-by-case basis. The issuer must provide a total of 3 CD-ROMs or diskettes, one for each of the three (3) copies of the closing agreement.

The principal author of this notice is Melissa S. Luxner of the Office of Associate Chief Counsel (Financial Institutions & Products). For further information regarding this notice, contact Melissa S. Luxner at (202) 622-3970 (not a toll-free call).
