

Tax Treatment of Cafeteria Plans; Correction

Announcement 2001-43

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Corrections to final regulations.

SUMMARY: This document contains corrections to final regulations (T.D. 8921, 2001-7 I.R.B. 532) that were published in the **Federal Register** on Wednesday, January 10, 2001 (66 FR

1837), relating to section 125 cafeteria plans.

DATES: This correction is effective January 10, 2001.

FOR FURTHER INFORMATION CONTACT: Christine L. Keller (202) 622-6080 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of these corrections are under section 125 of the Internal Revenue Code.

Need for Correction

As published, final regulations (T.D. 8921, 2001-7 I.R.B. 532) contain errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (T.D. 8921), which were the subject of FR Doc. 01-258, is corrected as follows:

1. On page 1838, column 1, in the preamble under the paragraph heading 1. *Changes in the March 2000 Final Regulations*, line 3 of the first paragraph, the language “final regulations issued earlier this year” is corrected to read “final regulations issued in March 2000”.

2. On page 1838, column 3, under the paragraph heading 2. *Changes From the March 2000 Proposed Regulations*, line 4, the language “earlier this year, but include various” is corrected to read “in March 2000, but include various”.

3. On page 1840, column 1, amendatory instruction Par. 2. is corrected by adding a new instruction “3a.” following item 3 to read as follows:

3a. Revising paragraph (c)(3)(ii).

§1.125-4 [Corrected]

4. On page 1840, column 2, §1.125-4 is corrected by removing the 5 asterisks following paragraph (c)(1)(ii).

5. On page 1840, column 2, §1.125-4 is corrected by removing the 5 asterisks following paragraph (c)(3)(i) and adding the text of revised paragraph (c)(3)(ii) in their place to read as follows:

§1.125-4 Permitted election changes.

* * * * *

(c) * * *

(3) * * *

(ii) *Application to other qualified benefits.* An election change satisfies the requirements of this paragraph (c)(3) with respect to other qualified benefits if the election change is on account of and corresponds with a change in status that affects eligibility for coverage under an employer’s plan. An election change also satisfies the requirements of this paragraph (c)(3) if the election change is on account of and corresponds with a change in status that effects expenses described in section 129 (including employment-related expenses as defined in section 21(b)(2)) with respect to dependent care assistance, or expenses described in section 137 (including qualified adoption expenses as defined in section 137(d)) with respect to adoption assistance.

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6. On page 1841, column 3, §1.125-4(f)(5)(ii), line 4, the language “Service, or a tribal organization” is corrected to read “Service, or a tribal organization;”.

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