INTERNAL REVENUE
BULLETIN

IRS

HIGHLIGHTS OF THIS ISSUE

Bulletin No. 2024–12
March 18, 2024

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

ADMINISTRATIVE, INCOME TAX

Notice 2024-26, page 713.

This notice announces that withholding agents (both U.S. and foreign persons) are administratively exempt from the requirements to electronically file Forms 1042, *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*, required to be filed in calendar year 2024. Additionally, this notice announces that withholding agents that are foreign persons are administratively exempt from the requirements to electronically file Forms 1042 required to be filed in calendar year 2025.

EXEMPT ORGANIZATION

Announcement 2024-14, page 719.

Revocation of IRC 501(c)(3) Organizations for failure to meet the code section requirements. Contributions made to the organizations by individual donors are no longer deductible under IRC 170(b)(1)(A).

INCOME TAX

Notice 2024-25, page 712.

Resident populations of the 50 states, the District of Columbia, Puerto Rico, and the insular areas for purposes of determining the 2024 calendar year (1) state housing credit ceiling under section 42(h) of the Code, (2) private activity bond volume cap under section 146, and (3) private activity bond volume limit under section 142(k) are reproduced.

Notice 2024-27, page 715.

This notice requests additional comments on any situations in which an election under § 6417(a) could be made for a credit that was purchased in a transfer for which an election under § 6418(a) is made. Such sequence of events is referred to as “chaining” in this notice.

Rev. Proc. 2024-15, page 717.

This revenue procedure sets forth the Federal income tax treatment that may apply to certain legislatively authorized transactions entered into by a public utility to recover specified costs through a surcharge to customers within the utility’s service area. The transactions in question involve a securitization in which the issuance of debt instruments is by a qualifying State financing entity. The revenue procedure also modifies Rev. Proc. 2005-62, 2005-2 C.B. 507.

Finding Lists begin on page ii.

The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.
This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.
This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.
To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.
This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

Part III

2024 Calendar Year Resident Population Figures

Notice 2024-25

This notice advises State and local housing credit agencies that allocate low-income housing credits under § 42 of the Internal Revenue Code, and States and other issuers of tax-exempt private activity bonds under § 141, of the population figures to use in calculating: (1) the 2024 calendar year population-based component of the State housing credit ceiling (Credit Ceiling) under § 42(h)(3)(C)(ii); (2) the 2024 calendar year volume cap (Volume Cap) under § 146; and (3) the 2024 volume limit (Volume Limit) under § 142(k)(5).

Generally, the population-based component of both the Credit Ceiling and the Volume Cap are determined under § 146(j), which requires determining the population figures for any calendar year on the basis of the most recent census estimate of the resident population of a State (or issuing authority) released by the U.S. Census Bureau before the beginning of the calendar year. Similarly, § 142(k)(5) bases the Volume Limit on the State population.

Sections 42(h)(3)(H) and 146(d)(2) require adjusting for inflation the population-based component of the Credit Ceiling and the Volume Cap. The Credit Ceiling adjustment for the 2024 calendar year is in Rev. Proc. 2023-34; 2023-48 I.R.B. 1287. Section 3.09 of Rev. Proc. 2023-34 provides that, for calendar year 2024, the amount for calculating the Credit Ceiling under § 42(h)(3)(C)(ii) is the greater of $2.90 multiplied by the State population, or $3,360,000. Further, section 3.20 of Rev. Proc. 2023-34 provides that the amount for calculating the Volume Cap under § 146(d)(1) for calendar year 2024 is the greater of $125 multiplied by the State population, or $378,230,000.

For the 50 states, the District of Columbia, and Puerto Rico, the population figures for calculating the Credit Ceiling, the Volume Cap, and the Volume Limit for the 2024 calendar year are the resident population estimates released electronically by the U.S. Census Bureau on December 19, 2023, and described in Press Release CB23-217. For American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands, the population figures for the 2024 calendar year are the 2023 midyear population figures in the U.S. Census Bureau's International Data Base.

For convenience, these figures are reprinted below.

	Resident Population Figures
Alabama	5,108,468
Alaska	733,406
American Samoa	44,620
Arizona	7,431,344
Arkansas	3,067,732
California	38,965,193
Colorado	5,877,610
Connecticut	3,617,176
Delaware	1,031,890
District of Columbia	678,972
Florida	22,610,726
Georgia	11,029,227
Guam	169,330
Hawaii	1,435,138
Idaho	1,964,726
Illinois	12,549,689
Indiana	6,862,199
Iowa	3,207,004
Kansas	2,940,546
Kentucky	4,526,154
Louisiana	4,573,749
Maine	1,395,722
Maryland	6,180,253
Massachusetts	7,001,399
Michigan	10,037,261
Minnesota	5,737,915
Mississippi	2,939,690
Missouri	6,196,156
Montana	1,132,812

Nebraska	1,978,379
Nevada	3,194,176
New Hampshire	1,402,054
New Jersey	9,290,841
New Mexico	2,114,371
New York	19,571,216
North Carolina	10,835,491
North Dakota	783,926
Northern Mariana Islands	51,295
Ohio	11,785,935
Oklahoma	4,053,824
Oregon	4,233,358
Pennsylvania	12,961,683
Puerto Rico	3,205,691
Rhode Island	1,095,962
South Carolina	5,373,555
South Dakota	919,318
Tennessee	7,126,489
Texas	30,503,301
Utah	3,417,734
Vermont	647,464
Virginia	8,715,698
Virgin Islands, U.S.	104,917
Washington	7,812,880
West Virginia	1,770,071
Wisconsin	5,910,955
Wyoming	584,057

The principal authors of this notice are Waheed M. Olayan, Office of the Associate Chief Counsel (Passthroughs and Special Industries), and David White, Office of the Associate Chief Counsel (Financial Institutions and Products). For further information regarding this notice, please contact Waheed M. Olayan at (202) 317-4137 (not a toll-free number).

Administrative Exemption from Requirement to Electronically File Form 1042, *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*

Notice 2024-26

SECTION 1. PURPOSE

This notice announces that withholding agents (both U.S. and foreign persons) are administratively exempt from the requirements to electronically file Forms 1042, *Annual Withholding Tax Return for U.S. Source Income of Foreign Persons*, required to be filed in calendar year 2024. Additionally, this notice announces that withholding agents that are foreign persons are administratively exempt from the requirements to electronically file Forms 1042 required to be filed in calendar year 2025. These administrative exemptions are intended to promote effective and efficient tax administration.

SECTION 2. BACKGROUND

Section[1] 1.1461-1(b) requires a withholding agent to file a withholding tax return on Form 1042 for income paid during the preceding calendar year that the withholding agent is required to report on Form 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding*. A withholding agent must file Form 1042 on or before March 15 of the calendar year following the year in which the income was paid. See §1.1474-1(c) for a withholding agent's obligation to report chapter 4 reportable amounts on Form 1042.

Section 6011(e)(1) provides that the Secretary of the Treasury or her delegate (Secretary) shall prescribe regulations providing standards for determining which returns must be filed on magnetic media (which includes electronic filing). Section 6011(e)(2) provides that in prescribing regulations, the Secretary shall not require any person to file returns on magnetic media unless such person is required to file at least the applicable number of returns during the calendar year. Before calendar year 2021, the applicable number of returns for most filers was 250. On July 1, 2019, the President signed into law the Taxpayer First Act (TFA), Public Law 116-25, 133 Stat. 981 (2019). Section 2301 of the TFA amended section 6011(e) by adding to it a new paragraph 5, which authorizes the issuance of regulations that decrease, in accordance with the TFA, the threshold number of returns a taxpayer is required to file during a year at, or above, which the taxpayer is required to file electronically. Under the TFA, for calendar

[1] *Unless otherwise specified, all "section" or "§" references are to sections of the Internal Revenue Code, the Income Tax Regulations (26 CFR part 1), or the Procedure and Administration Regulations (26 CFR part 301).*

years after 2021, the applicable number of returns is 10.

On February 23, 2023, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) published final regulations in the **Federal Register** (TD 9972, 88 FR 11754) (final regulations) on electronic-filing rules for certain returns and other documents that implemented the amendments to section 6011(e) made by the TFA. The final regulations include a provision for the electronic-filing of Forms 1042 that amended §1.1461-1 and added §301.6011-15, which require a withholding agent, except an individual, estate, or trust, to electronically file Form 1042 if the withholding agent is required to file 10 or more returns of any type during the same calendar year in which Form 1042 is required to be filed. Section 301.6011-15 also requires a withholding agent that is a partnership with more than 100 partners to file Form 1042 electronically regardless of the number of returns the partnership is required to file during the calendar year. Additionally, the final regulations amended §§1.1474-1 and 301.1474-1 to require a withholding agent that is a financial institution to file Form 1042 electronically without regard to the number of returns it is required to file during the calendar year.

The final regulations also authorize the Commissioner of Internal Revenue (Commissioner) to provide exemptions from the electronic-filing requirements to promote effective and efficient tax administration. See §§301.1474-1(b)(2) and 301.6011-15(b)(2). The final regulations provide that the electronic-filing requirements apply to Forms 1042 required to be filed for taxable years ending on or after December 31, 2023. Accordingly, the final regulations require withholding agents to apply these requirements beginning with Forms 1042 due on or after March 15, 2024.

Since the publication of the final regulations, the IRS has received feedback from withholding agents noting challenges in transitioning to the procedures necessary for filing Forms 1042 electronically. Among the concerns expressed are the limited number of Approved IRS Modernized e-File Business Providers for Form 1042, coupled with difficulties accessing the schema and business rules for filing Form 1042 electronically. For withholding agents that do not rely on Modernized e-File Business Providers for their electronic-filing requirements, the feedback notes that additional time is needed to upgrade their systems for filing Forms 1042 on the IRS's Modernized e-File platform. Withholding agents requested a deferral of the Form 1042 electronic-filing requirements in light of these concerns. Additionally, withholding agents noted challenges specific to foreign persons filing Forms 1042 with respect to implementing the authentication requirements necessary for accessing the IRS's Modernized e-File platform.

SECTION 3. ADMINISTRATIVE EXEMPTION FROM REQUIREMENTS TO FILE CERTAIN FORMS 1042 ELECTRONICALLY

.01 Administrative Exemption from Requirement for Withholding Agents to File Forms 1042 Electronically During Calendar Year 2024

As described in section 2 of this notice, pursuant to certain provisions in the relevant Treasury regulations, the Commissioner may provide an exemption from the requirement to electronically file Form 1042 in the interest of effective and efficient tax administration. As a result, withholding agents (both U.S. and foreign persons) are not required to file Forms 1042 electronically during calendar year 2024. Specifically, pursuant to §§1.1461-1(i) and 301.6011-15(b)(2), a withholding agent required to file Form 1042 that is not a financial institution and is required to file at least 10 returns (as determined under §301.6011-15(d)(5)) in 2024 is administratively exempt from the requirement to electronically file Form 1042 during calendar year 2024. Additionally, pursuant to §§1.1461-1(i) and 301.6011-15(b)(2), a partnership required to file Form 1042 that has more than 100 partners is administratively exempt from the requirement to electronically file Form 1042 during calendar year 2024. Finally, pursuant to §§1.1474-1(e) and 301.1474-1(b)(2), a financial institution required to file Form 1042 is administratively exempt from the requirement to file Form 1042 electronically during calendar year 2024. A Form 1042 timely submitted on paper in calendar year 2024 will not be a failure to file Form 1042, and, therefore, no addition to tax under section 6651(a)(1) will apply with respect to an otherwise valid Form 1042 timely submitted on paper in calendar year 2024 (with no electronic-filing waiver request required).

.02 Additional Administrative Exemption from Requirement for Foreign Withholding Agents to File Forms 1042 Electronically During Calendar Year 2025

As described in section 2 of this notice, pursuant to certain provisions in relevant Treasury regulations, the Commissioner may provide an exemption from the requirement to electronically file Form 1042 in the interest of effective and efficient tax administration. As a result, withholding agents that are foreign persons are not required to file Forms 1042 electronically during calendar year 2025. Specifically, pursuant to §§1.1461-1(i) and 301.6011-15(b)(2), a foreign person required to file Form 1042 that is not a financial institution and is required to file at least 10 returns (as determined under §301.6011-15(d)(5)) in 2025 is administratively exempt from the requirement to electronically file Form 1042 during calendar year 2025. Additionally, pursuant to §§1.1461-1(i) and 301.6011-15(b)(2), a foreign partnership required to file Form 1042 that has more than 100 partners is administratively exempt from the requirement to electronically file Form 1042 during calendar year 2025. Finally, pursuant to §§1.1474-1(e) and 301.1474-1(b)(2), a foreign financial institution required to file Form 1042 is administratively exempt from the requirement to electronically file Form 1042 during calendar year 2025. A Form 1042 timely submitted on paper by a foreign person in calendar year 2025 will not be a failure to file Form 1042, and, therefore, no addition to tax under section 6651(a)(1) will apply with respect to an otherwise valid Form 1042 timely submitted on paper by a foreign person in calendar year 2025 (with no electronic-filing waiver request required).

SECTION 4. DRAFTING INFORMATION

The principal author of this notice is W. Shawver Adams of the Office of Associate

Chief Counsel (International). For further information regarding this notice contact W. Shawver Adams at (202) 317-5132 (not a toll-free number).

Request for Comments on Situations in Which a Section 6417(a) Election Could Be Made for Credits Purchased in Transfers Under Section 6418(a)

Notice 2024-27

SECTION I. PURPOSE

This notice requests additional comments on any situations in which an election under § 6417(a) of the Internal Revenue Code (Code)[1] could be made for a credit that was purchased in a transfer for which an election under § 6418(a) is made. Such sequence of events is referred to as "chaining" in this notice. Comments regarding chaining will inform the ongoing review by the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) of the tax credit transfer market for eligible credits under § 6418(f)(1) and any potential future rules that would be consistent with the statutory framework, as well as the legislative purposes, of §§ 6417 and 6418.

SECTION II. BACKGROUND

Sections 6417 and 6418 of the Code were enacted by § 13801 of Public Law 117-169, 136 Stat. 2003 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022 (IRA), to provide two novel credit monetization mechanisms. Generally, § 6417 allows applicable entities to elect to treat the amount of applicable credits defined in § 6417(b) for a taxable year as a payment of such an amount of Federal income tax made by the applicable entity to the IRS rather than a credit against their Federal income tax liabilities. Generally, § 6418 permits eligible taxpayers defined in § 6418(f)(2) (transferor taxpayers) to elect to transfer the use of eligible credits defined in § 6418(f)(1) (transferred credits) to unrelated taxpayers in exchange for cash.

On October 24, 2022, the Treasury Department and the IRS published Notice 2022-50, 2022-43 I.R.B. 325 to, among other things, request general comments on questions arising under new §§ 6417 and 6418, and to inform development of future guidance implementing §§ 6417 and 6418. In response to Notice 2022-50, multiple stakeholders asked that regulations clarify whether chaining is permissible.

On June 21, 2023, the Treasury Department and the IRS published two sets of proposed regulations, as well as temporary regulations, in the *Federal Register*. The first set of proposed regulations (REG-101607-23; 88 FR 40528) provided guidance on § 6417 (§ 6417 Proposed Regulations). The second set of proposed regulations (REG-101610-23; 88 FR 40496) provided guidance on § 6418 (§ 6418 Proposed Regulations). The temporary regulations (TD 9975; 88 FR 40086) in §§ 1.6417-5T and 1.6418-4T implement the pre-filing registration process also described in proposed §§ 1.6417-5 and 1.6418-4.

After noting that multiple stakeholders asked that regulations clarify whether applicable entities may engage in chaining by making an election under § 6417(a) for tax credits purchased in the transfer market, the § 6417 Proposed Regulations proposed that such chaining would not be permissible and sought further comment on the issue. The preamble to the § 6417 Proposed Regulations noted several potential obstacles to permitting chaining and requested comments on limited situations in which exceptions to this proposed rule may be appropriate because they are consistent with the text, design, and intent of the IRA, while also ensuring that such exceptions are not subject to fraud or abuse.

On March 5, 2024, final regulations under § 6417 (TD 9988) were filed for public inspection (§ 6417 Final Regulations). The § 6417 Final Regulations adopt the position of the Treasury Department and the IRS set forth in the § 6417 Proposed Regulations on chaining, expressing the view that §§ 6417 and 6418, when read together, are most straightforwardly understood as creating two separate, mutually exclusive regimes regarding credit monetization. While the Treasury Department and the IRS acknowledged in the preamble to the § 6417 Final Regulations that no specific language in §§ 6417 or 6418 directly prohibits chaining, not permitting chaining allows for more straightforward application of the statute as a whole. The Treasury Department and the IRS also remain concerned about the administrability of chaining and potential for fraud and abuse. Thus, the § 6417 Final Regulations do not permit chaining.

SECTION III. REQUEST FOR COMMENTS

As discussed in section II of this notice, the § 6417 Final Regulations reflect the current view of the Treasury Department and the IRS that chaining is impermissible under §§ 6417 and 6418. This view is based, in part, on the text "determined with respect to" in both statutes, which is more straightforwardly interpreted as requiring an applicable entity to own the underlying applicable credit property and conduct the activities for which the applicable credit is "determined with respect to," or in the case of the credit that is determined under § 45X (§ 45X credit), for which ownership of applicable credit property is not required, requiring an applicable entity to be considered the taxpayer with respect to which the § 45X credit is determined.

The Treasury Department and the IRS recognize that a robust market for transferred credits (credit transfer market) that helps support a broad array of projects and investment is consistent with Congress's intent in enacting the IRA. There are early indications that a robust market for transferring credits under § 6418 is forming under the current rule; however, the market is relatively nascent, economic conditions are strong, and allowing chaining could further increase demand in and access to that market. The Treasury Department and the IRS will continue to evaluate whether

[1] *Unless otherwise specified, all "Section" or "§" references are to sections of the Code and the Income Tax Regulations (26 CFR part 1).*

potential chaining rules would be consistent with the statutory framework, as well as the legislative purposes, of §§ 6417 and 6418. At the same time, the Treasury Department and the IRS will be reviewing administrability challenges associated with elective payment elections and transfer elections and will be carefully monitoring for fraud and improper payments, which could undermine the credit transfer market. To that end, the Treasury Department and the IRS request comments that address the following specific questions:

.01 *Impacts on credit transfer market*. If chaining were ultimately permitted, how would it specifically impact the credit transfer market? Would demand for transferred credits significantly increase? How would the cost of transferred credits be affected? Some commenters have suggested that chaining would increase market participation. Commenters are requested to provide specific examples of entities that lack access to the current transfer market and transactions that could be entered into should chaining be permitted.

.02 *"Determined with respect to" interpretation*

(1) How can the language in § 6417(a) and § 6418(a) regarding a credit being "determined with respect to" an applicable entity or transferor taxpayer be reasonably interpreted to refer to a taxpayer that does not own the underlying applicable credit property and conduct the activities giving rise to the credit or, in the case of a § 45X credit (in which case ownership of applicable credit property is not required), be considered the taxpayer with respect to which the § 45X credit is determined?

(2) How should basis reduction and recapture rules under §§ 6417(g) and 6418(g)(3) work in the case of a chaining rule if credits that are purchased by an applicable entity must be treated as "determined with respect to" an applicable entity for that purpose?

.03 *Administrability challenges*

(1) Under § 1.6418-4T, a transferor taxpayer will complete pre-filing registration without identifying a transferee taxpayer. Under proposed § 1.6418-2, a transferee taxpayer may file a tax return and claim a transferred credit on its tax return before or after a transferor taxpayer files its own return, so long as the transferee taxpayer has the pre-filing registration number for the eligible credit property and a transfer election statement. Different rules would be necessary should the Treasury Department and the IRS conclude chaining is allowable. If chaining were permissible, the Treasury Department and the IRS would potentially propose that a transferor taxpayer could not obtain a pre-filing registration number for the eligible credit property without first identifying the transferee taxpayer. There may also be impacts on the time at which a transferee taxpayer can file its tax return for the "chained" transferred credit, including the possibility that a transferee taxpayer could be prohibited from obtaining the transferred credit until the transferor taxpayer files its own return. The Treasury Department and the IRS seek comments on how a potential rule requiring identification of a transferee taxpayer during a transferor taxpayer's pre-filing registration process would impact taxpayers and how the IRS could administer such a system.

(2) Can the statutory text of §§ 6417 and 6418 be interpreted to allow for chaining for any particular type(s) or group(s) of taxpayers, or for certain situations? If so, what type(s) or group(s) of taxpayers and in which scenarios should such taxpayers be allowed to "chain"? What clear and objective factors could criteria for determining eligibility be based on, and how administrable for taxpayers and the IRS would compliance with such criteria be? What additional information and documentation would be needed for the IRS to identify chaining-eligible and chaining-ineligible taxpayers through the pre-filing registration process?

(3) Can the statutory text of §§ 6417 and 6418 be reasonably interpreted to limit application of both an excessive credit transfer addition to tax under § 6418(g)(2) and an excessive payment addition to tax under § 6417(d)(6) to a taxpayer that is both an applicable entity under § 6417 and a transferee taxpayer under § 6418?

(4) In what ways could the IRS limit the risk for fraudulent elective payment elections with respect to transferred credits? For example, how could the IRS limit the risk that an entity would make an election under § 6417(a) for a purportedly transferred credit and receive payment, and then dissolve?

(5) In the case of a chaining rule, the IRS would need to conduct additional diligence of applicable entities and electing taxpayers, as well as transferor taxpayers, during the pre-filing registration process. How could such additional diligence avoid being treated as a determination or an examination by the IRS, such that the provisions of § 7605(b) are not implicated?

.04 *Other issues*

(1) If chaining is permitted generally, what rules should apply with respect to the transferred credits for which the election under § 6417(a) is made for multiple years (the credits under §§ 45, 45Q, 45V, and 45Y)?

(2) The elective payment election with regard to the credits under §§ 45, 45Q, 45V, and 45Y must be made in the taxable year the facility is placed in service under § 6417(d)(3)(B), (C), (D), and (E). In instances in which A (a transferor taxpayer) and B (a transferee taxpayer) have differing taxable years, A places a facility in service before B's taxable year begins, and A subsequently transfers an eligible credit arising from production at the facility to B, if chaining is permitted generally, should B be permitted to make a § 6417(a) election with regard to the transferred credit?

(3) Section 6418(a) does not permit transfers between related parties. The § 6418 Proposed Regulations would also provide for anti-abuse rules for situations in which a transaction is intended to decrease the transferor taxpayer's gross income or increase a transferee taxpayer's deductions. See proposed § 1.6418-2(e)(4). An example of when the anti-abuse rule may apply is a transaction in which a transferor taxpayer undercharges for services to a customer who is also purchasing credits from the transferor taxpayer as a transferee taxpayer at an inflated price. How should this dynamic inform a potential chaining rule? What safeguards would be necessary for a chaining rule to prevent the avoidance of any Federal tax liability beyond the intent of § 6418?

SECTION IV. SUBMISSION OF COMMENTS

.01 *Deadline*. Written comments should be submitted by December 1, 2024.

.02 *Form and manner*. The subject line for the comments should include a reference to Notice 2024-27. All commenters are strongly encouraged to submit comments electronically. However, comments may be submitted in one of two ways:

(a) Electronically via the Federal eRulemaking Portal at https://www.regulations.gov/ (type IRS-2024-0008 in the search field on the regulations.gov homepage to find this notice and submit comments); or

(b) By mail to: Internal Revenue Service, CC:PA:01:PR (Notice 2024-27), Room 5203, P.O. Box 7604, Ben Franklin Station, Washington, D.C., 20044.

.03 *Publication of comments*. The Treasury Department and the IRS will publish for public availability any comment submitted electronically and on paper to its public docket on https://www.regulations.gov.

SECTION V. DRAFTING INFORMATION

The principal author of this notice is the Office of the Associate Chief Counsel (Passthrough and Special Industries). However, other personnel from the Treasury Department and the IRS participated in its development. For further information regarding this notice, contact Waheed Olayan at (202) 317-4137 (not a toll-free number).

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26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability. (Also: Part 1, §§ 61, 451, 1001.)

Rev. Proc. 2024-15

SECTION 1. PURPOSE

This revenue procedure sets forth the manner in which a public utility may treat certain legislatively authorized transactions entered into by the public utility to recover specified costs through a non-bypassable surcharge to customers within the utility's historic service area. Specifically, this revenue procedure addresses a securitization that involves the issuance of debt instruments by a qualifying State financing entity, as defined below. This revenue procedure also modifies Rev. Proc. 2005-62, 2005-2 C.B. 507, to expand the definition of "public utility" to include all public utilities, not just investor-owned utilities, and to change the definition of a "qualifying securitization" to allow payments to be provided at least annually.

SECTION 2. BACKGROUND

.01 Rev. Proc. 2005-62 provides that if a public utility company is authorized by State legislation to enter into a transaction to recover certain costs through a "qualifying securitization" (as defined in section 5.04 of that revenue procedure), the public utility will be treated as not recognizing gross income upon (1) the receipt of a financing order that creates an intangible property right in the amount of the specified costs that may be recovered through securitization; (2) the receipt of cash or other valuable consideration in exchange for the transfer of that property right to the financing entity that is wholly owned, directly or indirectly, by the utility; or (3) the receipt of cash or other valuable consideration in exchange for securitized instruments issued by the financing entity that is wholly owned, directly or indirectly, by the utility. Rev. Proc. 2005-62 further provides that the securitized instruments issued under such a qualifying securitization will be treated as obligations of the public utility and the non-bypassable charges are gross income to the utility recognized under the utility's usual method of accounting.

.02 For purposes of Rev. Proc. 2005-62, a "qualified securitization" is defined as an issuance of any bonds, notes, other evidences of indebtedness, or certificates of participation or beneficial interest that (1) is secured by the intangible property right to collect charges for the recovery of specified costs and such other assets, if any, of the financing entity that is wholly owned, directly or indirectly, by the utility; (2) is issued by a financing entity that is wholly owned, directly or indirectly, by the utility that is initially capitalized by the utility in such a way that equity interests in the financing entity are at least 0.5 percent of the aggregate principal amount of the non-equity interests issued; and (3) provides for payments on a quarterly or semi-annual basis. Accordingly, the tax treatment permitted in Rev. Proc. 2005-62 applies only if the financing entity is wholly owned, directly or indirectly, by the utility. For a wholly owned entity that is disregarded as an entity separate from the public utility, the activities of the entity are treated in the same manner as a sole proprietorship, branch, or division of the public utility under §§301.7701-2 and 301.7701-3 of the Procedure and Administration Regulations.

.03 Some States have enacted legislation to allow a public utility to engage in transactions similar to those described in Rev. Proc. 2005-62. However, in these transactions, a qualifying State financing entity serves as a financing vehicle to securitize the rights of the public utility created by the financing order. The treatment provided in Rev. Proc. 2005-62 would not apply to such a securitization transaction because the qualifying State financing entity is not wholly owned, directly or indirectly, by the public utility, but instead is a separate entity unrelated to the public utility.

SECTION 3. SCOPE

Section 5 of this revenue procedure applies to public utilities that, pursuant to qualifying securitization financing legislation, receive an irrevocable financing order from an appropriate State agency that determines the amount of certain specified costs the utility will be permitted to recover through a qualifying State securitization of an intangible property right created by the special legislation. Section 6 of this revenue procedure modifies the definitions of public utility and qualifying securitization in Rev. Proc. 2005-62.

SECTION 4. DEFINITIONS

.01 PUBLIC UTILITY

For purposes of this revenue procedure, the terms "public utility" or "utility" refer to any utility company (electric or non-electric) that is subject to the regulatory authority of a State public utility commission or other appropriate State agency.

.02 QUALIFYING STATE FINANCING ENTITY

For purposes of this revenue procedure, the term "qualifying State financing entity" means an entity that is designated

pursuant to a qualifying securitization financing legislation as a financing entity and that is a State, political subdivision thereof, or other organization authorized to issue debt on behalf of a State or political subdivision thereof.

.03 QUALIFYING SECURITIZATION FINANCING LEGISLATION

For purposes of this revenue procedure, the term "qualifying securitization financing legislation" means legislation that--

(1) Is enacted by a State to facilitate the recovery of certain specified costs incurred by a public utility;

(2) Authorizes the public utility to apply for, and authorizes the public utility commission or other appropriate State agency to issue, a financing order determining the amount of specified costs the public utility will be allowed to recover;

(3) Provides that pursuant to the financing order, the public utility acquires an intangible property right to charge, collect, and receive amounts necessary to provide for the full recovery of the specified costs determined to be recoverable, and assures that the charges are non-bypassable and will be paid by customers within the public utility's historic service territory who receive utility goods or services through the public utility's transmission and distribution system, even if those customers elect to purchase these goods or services from a third party;

(4) Guarantees that neither the State nor any of its agencies has the authority to rescind or amend the financing order, to revise the amount of specified costs, or in any way to reduce or impair the value of the intangible property right, except as may be contemplated by periodic adjustments authorized by such legislation;

(5) Provides procedures assuring that the sale, assignment, or other transfer of the intangible property right from the public utility to a qualifying State financing entity will be perfected under State law as an absolute transfer of the public utility's right, title, and interest in the property; and

(6) Authorizes the securitization of the intangible property right to recover the fixed amount of specified costs through the issuance of debt instruments by a qualifying State financing entity pursuant to an indenture, contract, or other agreement.

.04 SPECIFIED COSTS

For purposes of this revenue procedure, the term "specified costs" means those costs identified by the State legislature as appropriate for recovery through the securitization mechanism of the qualifying securitization financing legislation.

.05 QUALIFYING STATE SECURITIZATION

For purposes of this revenue procedure, the term "qualifying State securitization" means an issuance of debt instruments that--

(1) Is secured by the intangible property right to collect charges for the recovery of specified costs and such other assets, if any, of a public utility;

(2) Is issued by a qualifying State financing entity; and

(3) Provides for payments on at least an annual basis.

SECTION 5. APPLICATION

.01 The public utility will be treated as not recognizing gross income upon--

(1) The receipt of a financing order that creates an intangible property right in the amount of the specified costs that may be recovered through securitization;

(2) The receipt of cash or other valuable consideration in exchange for the transfer of that property right to a qualifying State financing entity;

(3) The receipt by the qualifying State financing entity of cash or other valuable consideration in exchange for the debt issued by the qualifying State financing entity; or

(4) The receipt by the public utility of the proceeds of the debt issued by the qualifying State financing entity.

.02 The payments of the public utility to the qualifying State financing entity pursuant to the securitized debt instruments described in section 4.05 of this revenue procedure will be treated as payments on obligations of the public utility.

.03 The non-bypassable charges will be treated as gross income of the public utility recognized under the public utility's usual method of accounting.

SECTION 6. MODIFICATIONS TO REV. PROC. 2005-62

.01 *Modification to the definition of public utility*. Section 5.01 of Rev. Proc. 2005-62 is modified to read as follows:

.01 PUBLIC UTILITY

For purposes of this revenue procedure, the terms "public utility" or "utility" refer to any utility company (electric or non-electric) that is subject to the regulatory authority of a State public utility commission or other appropriate State agency.

.02 *Modification to the definition of qualifying securitization*. Section 5.04(3) of Rev. Proc. 2005-62 is modified to read as follows:

(3) Provides for payments on at least an annual basis.

SECTION 7. EFFECT ON OTHER DOCUMENTS

This document modifies Rev. Proc. 2005-62.

SECTION 8. EFFECTIVE DATE

This revenue procedure is effective on or after February 29, 2024. Taxpayers may apply this revenue procedure to securitizations issued before February 29, 2024.

SECTION 9. DRAFTING INFORMATION

The principal author of this revenue procedure is Brian Choi of the Office of the Associate Chief Counsel (Financial Institutions and Products). For further information regarding this revenue procedure, contact Mr. Choi at 202-317-3154 (not a toll-free number).

Part IV

Deletions From Cumulative List of Organizations, Contributions to Which are Deductible Under Section 170 of the Code

Announcement 2024-14

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The Internal Revenue Service has revoked its determination that the organizations listed below qualify as organizations described in sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1986.

Generally, the IRS will not disallow deductions for contributions made to a listed organization on or before the date of announcement in the Internal Revenue Bulletin that an organization no longer qualifies. However, the IRS is not precluded from disallowing a deduction for any contributions made after an organization ceases to qualify under section 170(c)(2) if the organization has not timely filed a suit for declaratory judgment under section 7428 and if the contributor (1) had knowledge of the revocation of the ruling or determination letter, (2) was aware that such revocation was imminent, or (3) was in part responsible for or was aware of the activities or omissions of the organization that brought about this revocation.

If on the other hand a suit for declaratory judgment has been timely filed, contributions from individuals and organizations described in section 170(c)(2) that are otherwise allowable will continue to be deductible. Protection under section 7428(c) would begin on March 18, 2024 and would end on the date the court first determines the organization is not described in section 170(c)(2) as more particularly set for in section 7428(c)(1). For individual contributors, the maximum deduction protected is $1,000, with a husband and wife treated as one contributor. This benefit is not extended to any individual, in whole or in part, for the acts or omissions of the organization that were the basis for revocation.

Name Of Organization	Effective Date of Revocation	Location
Uplifting Her Inc.	1/1/2020	Highlands, CA and Fresno, CA

Definition of Terms

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

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

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

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

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

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

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

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

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

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

Abbreviations

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

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.
ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel's Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.
PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

Numerical Finding List[1]

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[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2023–27 through 2023–52 is in Internal Revenue Bulletin 2023–52, dated December 26, 2023.

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[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2023–27 through 2023–52 is in Internal Revenue Bulletin 2023–52, dated December 26, 2023.

Internal Revenue Service
Washington, DC 20224

INTERNAL REVENUE BULLETIN

The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/*.

We Welcome Comments About the Internal Revenue Bulletin

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