

INTERNAL REVENUE BULLETIN



HIGHLIGHTS OF THIS ISSUE

Bulletin No. 2017-17
April 24, 2017

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

Rev. Rul. 2017-10, page 1108.

Fringe benefits aircraft valuation formula. For purposes of section 1.61-21(g) of the Income Tax Regulations, relating to the rule for valuing non-commercial flights on employer-provided aircraft, the Standard Industry Fare Level (SIFL) cents-per-mile rates and terminal charge in effect for the first half of 2017 are set forth.

Notice 2017-24, page 1127.

This notice publishes the reference price under § 45K(d)(2)(C) of the Internal Revenue Code for calendar year 2016. The reference price applies in determining the amount of the enhanced oil recovery credit under § 43, the marginal well production credit under § 45I, and the percentage depletion in case of oil produced from marginal properties under § 613A.

Notice 2017-25, page 1127.

The notice announces the inflation adjustment factor and phase-out amount for the enhanced oil recovery credit for taxable years beginning in the 2017 calendar year. The format of the notice is identical to the format of previously published notices on this issue. The notice concludes that because the reference price for the 2016 calendar year (\$38.29) does not exceed \$28 multiplied by the inflation adjustment factor for the 2016 calendar year (\$28 multiplied by 1.6713 = \$46.7964), the enhanced oil recovery credit for qualified costs paid or incurred in 2017 is determined without regard to the phase-out for crude oil price increases. The notice contains the previously published figures for taxable years beginning in the 1991 through 2016 calendar years. The enhanced oil recovery credit for qualified costs had been phased out completely for calendar years 2006 through 2015. Calendar year 2016 was the first year since calendar year 2005 when the enhanced oil recovery credit for qualified costs was determined without regard to the phase out for crude oil price increases.

Notice 2017-26, page 1129.

The notice announces that under § 613A(c)(6)(C) of the Internal Revenue Code, the applicable percentage for purposes of determining percentage depletion on marginal properties for calendar year 2017 is 15 percent. The format of the notice is identical to the format of notices previously published on this issue.

EMPLOYMENT TAX

Rev. Proc. 2017-32, page 1109.

This revenue procedure provides general rules and specifications from the IRS for paper and computer-generated substitutes for Form 941, Schedule B (Form 941), Schedule D (Form 941), Schedule R (Form 941) and Form 8974. This procedure will be reproduced as the next revision of Publication 4436. Rev. Proc. 2016-16 is superseded.

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.

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.

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

Taxation of Fringe Benefits

Rev. Rul. 2017-10

For purposes of the taxation of fringe benefits under section 61 of the Internal Revenue Code, section 1.61-21(g) of the Income Tax Regulations provides a rule for valuing noncommercial flights on employer-provided aircraft. Section

1.61-21(g)(5) provides an aircraft valuation formula to determine the value of such flights. The value of a flight is determined under the base aircraft valuation formula (also known as the Standard Industry Fare Level formula or SIFL) by multiplying the SIFL cents-per-mile rates applicable for the period during which the flight was taken by the appropriate aircraft multiple provided in

section 1.61-21(g)(7) and then adding the applicable terminal charge. The SIFL cents-per-mile rates in the formula and the terminal charge are calculated by the Department of Transportation and are reviewed semi-annually.

The following chart sets forth the terminal charge and SIFL mileage rates:

<i>Period During Which the Flight Is Taken</i>	<i>Terminal Charge</i>	<i>SIFL Mileage Rates</i>
1/1/17 – 6/30/17	\$38.85	Up to 500 miles = \$.2125 per mile 501–1500 miles = \$.1620 per mile Over 1500 miles = \$.1558 per mile

DRAFTING INFORMATION

The principal author of this revenue ruling is Kathleen Edmondson of the Of-

fice of Associate Chief Counsel (Tax Exempt/Government Entities). For further information regarding this revenue ruling,

contact Ms. Edmondson at (202) 317-6798 (not a toll-free number).

Part III. Administrative, Procedural, and Miscellaneous

NOTE. This revenue procedure will be reproduced as the next revision of IRS Publication 4436, General Rules and Specifications for Substitute Form 941, Schedule B (Form 941), Schedule D (Form 941), Schedule R (Form 941), and Form 8974.

Rev. Proc. 2017-32

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Part 1

Section 1.1 – Purpose

.01 The purpose of this revenue procedure is to provide general rules and specifications from the IRS for paper and computer-generated substitutes for Form 941, Employer’s QUARTERLY Federal Tax Return; Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors (referred to in this revenue procedure as “Schedule B”); Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations (referred to in this revenue procedure as “Schedule D”); Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers (referred to in this revenue procedure as “Schedule R”); and Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities.



Before creating a substitute Form 941, see Pub. 1167, General Rules and Specifications for Substitute Forms and Schedules, for additional rules and specifications for payment vouchers (Vouchers), printing in margins (Marginal Printing), and additional instructions (Additional Instructions for All Forms).

Note. Substitute territorial forms (941-PR, Planilla para la Declaración Federal TRIMESTRAL del Patrono; 941-SS, Employer’s QUARTERLY Federal Tax Return (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands); and Anexo B (Formulario 941-PR), Registro de la Obligación Contributiva para los Despositantes de Itinerario Bisemanal) should also conform to the specifications outlined in this revenue procedure.

.02 This revenue procedure provides information for substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974. If you need more in-depth information on who must complete these forms and how to complete them, see the Instructions for Form 941, Instructions for

Schedule B, Instructions for Schedule D, instructions included with Schedule R, Instructions for Form 8974, and Pub. 15, Employer's Tax Guide, or visit IRS.gov.

Note. Failure to produce acceptable substitutes of the forms and schedules listed in this revenue procedure may result in delays in processing and penalties.

.03 Forms that completely follow the guidelines in this revenue procedure and are exact replicas of the official IRS forms do not need to be submitted to the IRS for specific approval. Substitute forms and schedules need to be scanned using IRS scanning equipment.

If you are uncertain of any specification and want clarification, do the following.

1. Submit a letter citing the specification.
2. State your understanding of the specification.
3. Enclose an example (if appropriate) of how the form would appear if produced using your understanding.
4. Be sure to include your name, complete address, phone number, and, if applicable, your email address with your correspondence. Send your request to *SCRIPS@irs.gov* or *substituteforms@irs.gov*, or use the following address.

Internal Revenue Service
Attn: Substitute Forms Program
SE:W:CAR:MP:P:TP
5000 Ellin Road, C6-440
Lanham, MD 20706

Note. Allow at least 30 days for the IRS to respond.

.04 However, software developers and form producers should send a blank copy of their substitute Form 941 and Schedule B in Portable Document Format (PDF) to *SCRIPS@irs.gov*. The purpose is not specifically for approval but to assist the IRS in preparing to scan these forms. Submitters will only receive comments if a significant problem is discovered through this process. Submitters are not expected to delay marketing their forms in order to receive feedback. Submitters must not include any "live" taxpayer data on any substitute form submitted for review.

.05 The following six-digit form ID codes are used on Form 941, the schedules for Form 941, and Form 8974.

- **Official paper forms:** 950117 (Form 941, page 1); 950217 (Form 941, page 2); 960311 (Schedule B); 950417 (Schedule R, page 1); 950517 (Schedule R, page 2); 950613 (Schedule R, page 3); and 950817 (Form 8974).
- **Substitute 6x10 grids:** 970117 (Form 941, page 1); 970217 (Form 941, page 2); 970311 (Schedule B); 970417 (Schedule R, page 1); 970517 (Schedule R, page 2); 970617 (Schedule R, page 3); and 970817 (Form 8974).

Generally, the last two digits of the form ID code represent the last year in which the IRS made major formatting changes to the layout of the form.

Note. Page 3 of Schedule R is not required to be filed with the IRS as part of a substitute Schedule R. However, if page 3 of the substitute Schedule R is filed, it must include the form ID code.

.06 This revenue procedure will be updated only if there are major formatting changes to the layout of the forms or there are other changes that impact the processing of substitute forms.

Section 1.2 – What’s New

.01 Qualified small business payroll tax credit for increasing research activities. For tax years beginning after December 31, 2015, a qualified small business may elect to claim up to \$250,000 of its credit for increasing research activities as a payroll tax credit against the employer’s share of social security tax. The portion of the credit used against the employer’s share of social security tax is allowed in the first calendar quarter beginning after the date that the qualified small business filed its income tax return. The election and determination of the credit amount that will be used against the employer’s share of social security tax is made on Form 6765, Credit for Increasing Research Activities. The amount from Form 6765, line 44, must then be reported on Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities. Form 8974 is used to determine the amount of the credit that can be used in the current quarter. The amount from Form 8974, line 12, is reported on Form 941, line 11. If you are claiming the research payroll tax credit on your Form 941, you must attach Form 8974 to that Form 941.

.02 New certification program for professional employer organizations. The Tax Increase Prevention Act of 2014 required the IRS to establish a voluntary certification program for professional employer organizations (PEOs). PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the certification program, certified professional employer organizations (CPEOs) must meet tax status, background, experience, business location, financial reporting, bonding and other requirements described in sections 3511 and 7705 and related published guidance. The IRS began accepting applications for PEO certification in July 2016. Certification as a CPEO affects the employment tax liabilities of both the CPEO and its customers. A CPEO is generally treated as the employer of any individual performing services for a customer of the CPEO and covered by a contract described in section 7705(e)(2) between the CPEO and the customer (CPEO contract), but only for wages and other compensation paid to the individual by the CPEO. For more information, visit the IRS website at [IRS.gov/cpeo](https://www.irs.gov/cpeo).

CPEOs generally must file Form 941 and Schedule R electronically. For more information about a CPEO’s requirement to file electronically, see Rev. Proc. 2017–14, 2017–3 I.R.B. 426, available at [IRS.gov/irb/2017-03_IRB/ar14.html](https://www.irs.gov/irb/2017-03_IRB/ar14.html).

.03 Schedule R redesigned. Schedule R has been redesigned to include filing by CPEOs and reporting of the qualified small business payroll tax credit for increasing research activities.

Section 1.3 – General Requirements for Reproducing IRS Official Form 941, Schedule B, Schedule D, Schedule R, and Form 8974

.01 Submit substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 to the IRS for specifications review. Substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 that **completely conform** to the specifications contained in this revenue procedure do not require prior approval from the IRS, but should be submitted to SCRIPS@irs.gov to ensure that they conform to IRS format and scanning specifications.

.02 Print the form on standard 8.5 inches wide by 11-inch paper.

.03 Use white paper that meets generally accepted weight, color, and quality standards (minimum 20 lb. white bond paper).

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

.04 The IRS prefers printing Form 941 on both sides of a single sheet of paper, but it is acceptable to print on one side of each of two separate sheets of paper.

.05 Make the substitute paper form as identical to the official form as possible.

.06 Print the substitute form using nonreflective black (not blue or other-colored) ink. Printing in an ink color other than black may reduce readability in the scanning process. This may result in figures being too faint to be recognizable.

.07 Use typefaces that are substantially identical in size and shape to the official form and use rules and shading (if used) that are substantially identical to those on the official form. Use font size as large as possible within the fields.

.08 In the same location as shown on the official IRS forms, print the six-digit form ID code (if one exists on the official form) on each form using nonreflective black, carbon-based, 12-point. The use of non-OCR-A font may reduce readability for scanning. Use the official form to develop your substitute form.

Note. Maintain as much white space as possible around the form ID code. Do not allow character strings to print adjacent to the code.

The year digits represent the last year in which the IRS made major formatting changes to the layout of the form. Therefore, the last two digits may not be the same as the current tax year. For tax year 2017 and until this revenue procedure is superseded, print “950117” on Form 941, page 1; “950217” on Form 941, page 2; “960311” on Schedule B; “950417” on Schedule R, page 1; “950517” on Schedule R, page 2; “950617” on Schedule R, page 3; and “950817” on Form 8974. See *Section 1.4* for information on form ID codes for software-generated forms.

Note. Page 3 of Schedule R is not required to be filed with the IRS as part of a substitute Schedule R. However, if page 3 of the substitute Schedule R is filed, it must include the form ID code.

.09 Print the OMB number in the same location as on the official form. Be sure to include the OMB number on Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

.10 Print all entry boxes and checkboxes exactly as shown (**location and size**) on the official forms.

Note. Instead of a four-sided checkbox for the entry, just the bottom line of the box can be used as long as the location and size remain the same.

.11 Print “For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.” at the bottom of page 1 of Form 941.

.12 Print “For Paperwork Reduction Act Notice, see separate instructions.” at the bottom of Schedule B and Schedule D.

.13 Print “For Paperwork Reduction Act Notice, see the instructions.” at the bottom of Schedule R.

.14 Print “Paperwork Reduction Act Notice, see the separate instructions.” at the bottom of Form 8974.

.15 Do not print the form catalog number (“Cat. No.”) at the bottom of the forms or instructions. Instead, print your IRS-issued three letter substitute form source code in place of the catalog number on the left at the bottom of page 1 of Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

Note. You can obtain a three-letter substitute form source code by requesting it by email at substituteforms@irs.gov. Please enter “Substitute Forms” on the subject line.

.16 Do not print the Government Printing Office (GPO) symbol at the bottom of the forms or instructions.

Section 1.4 – Reproducing Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 for Software-Generated Paper Forms

.01 You may use the PDF files to develop the layout for your forms. Draft forms found at *IRS.gov/draftforms* can be used to develop interim formats until the forms are finalized. When forms become finalized, they are posted and can be found at *IRS.gov/forms*. You may use 6x10 grid formats to develop software versions of Form 941, Schedule B, Schedule D, Schedule R, and Form 8974. Please follow the specifications exactly to develop the fields.

.02 If you are developing software using the 6x10 grid, you may make the following modifications.

- “970117” for Form 941, page 1; “970217” for Form 941, page 2; “970311” for Schedule B; “970417” for Schedule R, page 1; “970517” for Schedule R, page 2; “970617” for Schedule R, page 3; and “970817” for Form 8974, as the form ID codes.

Note. Maintain as much white space as possible around the form ID code. Do not allow character strings to print adjacent to the code.

- Place all 6x10 grid boxes and entry spaces in the same field locations as indicated on the official forms.
- Use single lines for “Employer Identification Number (EIN)” and other entry areas in the entity section of Form 941, page 1; Schedule B; Schedule R, pages 1 and 2; and Form 8974.
- Reverse type is not needed as shown on the official form.
- **Do not** pre-print decimal points in the data boxes. However, where the amounts are required, the amounts should be printed with decimal points and place holders for cents.
- Delete the pre-printed formatting in any “date” boxes.
- Use a single box for “Personal Identification Number (PIN)” on Form 941.
- You may delete all shading when using the 6x10 grid format.

.03 If producing both the form and the data or the form only, print your three-letter source code at the bottom of Form 941, page 1; Schedule B; Schedule D; Schedule R, page 1; or Form 8974. See *Section 1.3.15*.

.04 If producing only the data on the form, print your four-digit software industry vendor code on Form 941. The four-digit vendor code preceded by four zeros and a slash (0000/9876) must be pre-printed. If you have a valid vendor code issued to you through the National Association of Computerized Tax Processors (NACTP), you should use that code. If you do not have a valid vendor code, contact the NATCP via email at *president@natcp.org* for information on these codes.

.05 Print “For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.” at the bottom of Form 941, page 1.

.06 Print “For Paperwork Reduction Act Notice, see separate instructions.” at the bottom of Schedule B and Schedule D.

.07 Print “For Paperwork Reduction Act Notice, see the instructions.” at the bottom of Schedule R, page 1.

.08 Print “For Paperwork Reduction Act Notice, see the separate instructions.” at the bottom of Form 8974.

.09 Be sure to print the OMB number in the same location as on the official forms on substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

.10 Do not print the form catalog number (“Cat. No.”) at the bottom of the forms or instructions.

.11 Do not print the Government Printing Office (GPO) symbol at the bottom of the forms or instructions.

.12 To ensure accurate scanning and processing, enter data on Form 941, Schedule B, Schedule D, Schedule R, and Form 8974 as follows.

- Display/print the name and EIN on all pages and attachments in the proper associated fields.
- Use 12-point (minimum 10-point) Courier font (where possible).
- Omit dollar signs, but use commas when showing amounts.
- Except for Form 941, lines 1 and 2, leave blank any data field with a value of zero.
- Enter negative amounts with a minus sign. For example, report “–10.59” instead of “(10.59).”

Note. The IRS prefers that you use a minus sign for negative amounts instead of parentheses or some other means. However, if your software only allows for parentheses in reporting negative amounts, you may use them.

Section 1.5 – Specific Instructions for Schedule D

.01 To properly file and to reduce delays and contact from the IRS, Schedule D must be produced as close as possible to the official form.

.02 Use Schedule D to explain why you have certain discrepancies. See the Instructions for Schedule D for more information. In many cases, the information on Schedule D helps the IRS resolve discrepancies without contacting you.

.03 If a substitute Schedule D is not submitted in similar format to the official IRS schedule, the substitutes may be returned, you may be contacted by the IRS, delays in processing may occur, and you may be subject to penalties.

Section 1.6 – Specific Instructions for Schedule R

.01 To properly file and to reduce delays and contact from the IRS, Schedule R and Continuation Sheets for Schedule R must be produced as close as possible to the official form.

Note. Do not present the information in spreadsheet or similar format. We may not be able to properly process nonconforming documents with an excessive number of entries. Complete as many Continuation Sheets for Schedule R (Schedule R, page 2) as necessary. If Continuation Sheets are not used or they vary in form from the official form, processing may be delayed and you may be subject to penalties.

.02 Use Schedule R to allocate the aggregate information reported on Form 941 to each client. If you have more than 10 clients, complete as many Continuation Sheets for Schedule R as necessary. Attach Schedule R, including any Continuation Sheets, to your aggregate Form 941 and file it with your return. Enter your business information carefully.

Make sure all information exactly matches the information shown on the aggregate Form 941. Compare the total of each column on Schedule R, line 14 (including your information on line 13), to the amounts reported on the aggregate Form 941. For each column total of Schedule R, the relevant line from Form 941 is noted in the column heading. If the totals on Schedule R, line 14, do not match the totals on Form 941, there is an error that must be corrected before submitting Form 941 and Schedule R.

.03 Do:

- Develop and submit only conforming Schedules R.
- Follow the format and fields exactly as on the official Schedule R.
- Maintain the same number of entry lines on the substitute Schedule R as on the official form.

.04 Do not:

- Add or delete entry lines.
- Submit spreadsheets, database printouts, or similar formatted documents instead of using the Schedule R format to report data.
- Reduce or expand font size to add or delete extra data or lines.

.05 If substitute Schedules R and Continuation Sheets for Schedule R are not submitted in similar format to the official schedule, the substitutes may be returned, you may be contacted by the IRS, delays in processing may occur, and you may be subject to penalties.

Section 1.7 – Specific Instructions for Form 8974

.01 To properly file and to reduce delays and contact from the IRS, Form 8974 must be produced as close as possible to the official form.

.02 Use Form 8974 only if you are claiming the qualified small business payroll tax credit for increasing research activities.

.03 If a substitute Form 8974 is not submitted in similar format to the official IRS form, the substitutes may be returned, you may be contacted by the IRS, delays in processing may occur, and you may be subject to penalties.

Section 1.8 – OMB Requirements for Substitute Forms

.01 The Paperwork Reduction Act (the Act) of 1995 (Public Law 104–13) requires the following.

- The Office of Management and Budget (OMB) approves all IRS tax forms that are subject to the Act.
- Each IRS form contains the OMB approval number, if assigned. The official OMB numbers may be found on the official IRS-printed forms.
- Each IRS form (or its instructions) states:
 1. Why the IRS needs the information,
 2. How it will be used, and
 3. Whether or not the information is required to be furnished to the IRS.

.02 This information must be provided to any users of official or substitute IRS forms or instructions.

.03 The OMB requirements for substitute IRS forms are the following.

- Any substitute form or substitute statement to a recipient must show the OMB number as it appears on the official form.
- For Form 941, Schedule B, Schedule D, Schedule R, and Form 8974, the OMB number (1545-0029) must appear exactly as shown on the official form.
- For Form 941, Schedule B, Schedule D, Schedule R, and Form 8974, the OMB number must use one of the following formats.
 1. OMB No. 1545–0029 (preferred).
 2. OMB # 1545–0029 (acceptable).

.04 If no instructions are provided to users of your forms, you must furnish to them the exact text of the Privacy Act and Paperwork Reduction Act Notice.

Section 1.9 – Order Forms and Instructions

.01 You can order forms and instructions at *IRS.gov/orderforms*.

Section 1.10 – Effect on Other Documents

.01 Revenue Procedure 2016–16, 2016–10 I.R.B. 394, dated March 7, 2016, is superseded.

Section 1.11 – Helpful Information

.01 Please follow the specifications and guidelines to produce substitute Form 941, Schedule B, Schedule D, Schedule R, and Form 8974.

.02 These forms are subject to review and possible changes as required. Therefore, employers are cautioned against overstocking supplies of privately printed substitutes.

.03 Here is a review of references that were listed throughout this document.

- Form 941, Employer’s QUARTERLY Federal Tax Return.
- Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors (referred to in this revenue procedure as “Schedule B”).
- Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations (referred to in this revenue procedure as “Schedule D”).
- Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers (referred to in this revenue procedure as “Schedule R”).
- Form 8974, Qualified Small Business Payroll Tax Credit for Increasing Research Activities.

- Substitute territorial forms (941-PR, 941-SS, and Anexo B (Formulario 941-PR)).
- Instructions for Form 941.
- Instructions for Schedule B (Form 941).
- Instructions for Form 8974.
- Pub. 15, Employer's Tax Guide.
- *SCRIPS@irs.gov* for submissions.
- *substituteforms@irs.gov* for questions.
- For questions:

Internal Revenue Service
 Attn: Substitute Forms Program
 SE:W:CAR:MP:P:TP
 5000 Ellin Road, C6-440
 Lanham, MD 20706
- *IRS.gov/draftforms* for draft forms.
- *IRS.gov/forms* for final forms.

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450217

Name (not your trade name) _____ Employer identification number (EIN) _____

Part 2: Tell us about your deposit schedule and tax liability for this quarter.

If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see section 11 of Pub. 15.

16 Check one: ☐ Line 12 on this return is less than \$2,500 or line 12 (line 10 if the prior quarter was the fourth quarter of 2016) on the return for the prior quarter was less than \$2,500, and you didn't incur a \$100,000 next-day deposit obligation during the current quarter. If line 12 (line 10 if the prior quarter was the fourth quarter of 2016) for the prior quarter was less than \$2,500 but line 12 on this return is \$100,000 or more, you must provide a record of your federal tax liability. If you are a monthly schedule depositor, complete the deposit schedule below; if you are a semiweekly schedule depositor, attach Schedule B (Form 941). Go to Part 3.

☐ You were a monthly schedule depositor for the entire quarter. Enter your tax liability for each month and total liability for the quarter, then go to Part 3.

Tax liability: Month 1 1.81 in

Month 2 2.91 in

Month 3 .50 in

Total liability for quarter Total must equal line 12.

☐ You were a semiweekly schedule depositor for any part of this quarter. Complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941.

Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.

17 If your business has closed or you stopped paying wages ☐ Check here, and enter the final date you paid wages 1.10 in

18 If you are a seasonal employer and you don't have to file a return for every quarter of the year . . . ☐ Check here.

Part 4: May we speak with your third-party designee?

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

☐ Yes. Designee's name and phone number 2.40 in 1.50 in

Select a 5-digit Personal Identification Number (PIN) to use when talking to the IRS. 1.41 in

☐ No.

Part 5: Sign here. You MUST complete both pages of Form 941 and SIGN it.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

X Sign your name here 3.00 in .60 in

Date 1.10 in

Print your name here 1.90 in

Print your title here

Best daytime phone 1.50 in

Paid Preparer Use Only

Preparer's name PTIN 1.70 in

Preparer's signature Date

Firm's name (or yours if self-employed) EIN

Address 3.60 in

City 2.50 in State .50 in ZIP code

Check if you are self-employed ☐

Page 2 Form 941 (Rev. 1-2017)

Exhibit C

Form 941-V

 .50 in

Form 941-V,
Payment Voucher



▼ **Detach Here and Mail With Your Payment and Form 941.** ▼



Form 941-V Department of the Treasury Internal Revenue Service		Payment Voucher ► Don't staple this voucher or your payment to Form 941.		OMB No. 1545-0029 2017	
1 Enter your employer identification number (EIN).		2 Enter the amount of your payment. ► Make your check or money order payable to "United States Treasury"		Dollars Cents	
3 Tax Period ☐ 1st Quarter ☐ 3rd Quarter ☐ 2nd Quarter ☐ 4th Quarter		4 Enter your business name (individual name if sole proprietor). Enter your address. Enter your city, state, and ZIP code or your city, foreign country name, foreign province/county, and foreign postal code.		2.92 in	

 .50 in

7.50 in

 .50 in

 .50 in

Schedule B (Form 941)

April 24, 2017

Schedule D (Form 941):

Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations

(Rev. June 2011) Department of the Treasury—Internal Revenue Service

OMB No. 1545-0029

Employer Identification Number (EIN) 2.85 in

Name (not your trade name) 3.40 in

Trade name (if any) 3.70 in

Address 4.20 in

Number
Street
Suite or room number

City
State
ZIP code

Phone number 2.29 in

Tax Year of Discrepancies (Fill in)

Format: YYYY

Type of Submission (Check one)

☐ Original

☐ Corrected

About this schedule

Each year the Internal Revenue Service (IRS) and the Social Security Administration (SSA) compare the totals on your Forms 941, Employer's *QUARTERLY Federal Tax Return*, with the totals on Forms W-2, *Wage and Tax Statement*, to verify that:

- The wages you reported on Forms 941 match those you reported on Forms W-2 (Copy A) so that your employees' social security earnings records are complete for benefit purposes; and
- You have paid the appropriate taxes.

Generally, the totals on your Forms W-2 (Copy A) should equal the totals you reported on Forms 941. Use this schedule if discrepancies exist between the totals you reported on those forms **ONLY** as a result of an acquisition, statutory merger, or consolidation. **In many cases, the information on this schedule should help the IRS resolve discrepancies without contacting you.** If you are an eligible employer who elects to use the alternate procedure set forth in Rev. Proc. 2004-53, explained in the instructions, you should file this schedule.

Read the separate instructions before you fill out this schedule.

Part 1: Answer these background questions.

1. Are you filing this schedule —

☐ After a statutory merger or consolidation? (See Rev. Rul. 62-60, 1962-1 C.B. 186 and Rev. Proc. 2004-53, 2004-2 C.B. 320.)

OR

☐ After an acquisition and you are using the alternate procedure under Rev. Proc. 2004-53, 2004-2 C.B. 320?

You are either:

☐ An acquired corporation or
 ☐ A surviving corporation.

☐ A predecessor or

☐ A successor.

2. The effective date of the statutory merger/consolidation or acquisition is 1.70 in

MM / DD / YYYY

3. The OTHER PARTY in this transaction is . . .

Other party's EIN 6.00 in

Other party's name

Trade name (if any)

Address

Number
Street
Suite or room number

City
State
ZIP code

Phone number 2.30 in

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 38791Y

Schedule D (Form 941) (Rev. 6-2011)

Your EIN

[] [] - [] [] [] [] [] [] → 2.86 in

Name (not your trade name)

3.60 in

Other party's EIN

[] [] - [] [] [] [] [] []

Tax Year of Discrepancies (Fill in)
 Format: YYYY
 [] [] [] [] → .80 in

.50 in

Part 2: Tell us about the discrepancies with your returns.

	<i>Column A</i>	<i>Column B</i>	<i>Column C</i>
	Amount you reported to IRS for the tax year	- Amount you reported to SSA for the tax year	= The difference
	Totals from Forms 941 as corrected by any Forms 941-X	Totals from Forms W-2 (Copy A) as corrected by any Forms W-2c (Copy A)	
4. Social security wages	→ 1.80 in ←	← .20 in →	=
5. Medicare wages and tips	-	-	=
6. Social security tips	-	-	=
7. Federal income tax withheld	-	-	=
8. Advance earned income credit (EIC) payments (for tax years ending before January 1, 2011)	-	-	=

If you are filing for one transaction only, STOP here. If you are filing for more than one transaction, go to Part 3.

Part 3: Fill this part out ONLY if you are filing more than one Schedule D (Form 941) for any calendar year.

9. File one Schedule D (Form 941) for each separate transaction. This is schedule → .70 in ← of [], (Example: This is schedule 1 of 3.)

	<i>Column A</i>	<i>Column B</i>	<i>Column C</i>
	Amount you reported to IRS for the tax year for the employees affected by the transaction reported on this Schedule D (Form 941)	- Amount you reported to SSA for the tax year for the employees affected by the transaction reported on this Schedule D (Form 941)	= The difference
	Totals from Forms 941 as corrected by any Forms 941-X	Totals from Forms W-2 (Copy A) as corrected by any Forms W-2c (Copy A)	
10. Social security wages	→ 5.80 in ←	-	=
11. Medicare wages and tips	-	-	=
12. Social security tips	-	-	=
13. Federal income tax withheld	-	-	=
14. Advance earned income credit (EIC) payments (for tax years ending before January 1, 2011)	-	-	=

Page 2
Schedule D (Form 941) (Rev. 6-2011)

Schedule R (Form 941): Allocation Schedule for Aggregate Form 941 Filers
(Rev. January 2017)
Department of the Treasury — Internal Revenue Service

OMB No. 1545-0029

Report for calendar year: 150417

Check the quarter (same as Form 941):
☐ 1: January, February, March
☐ 2: April, May, June
☐ 3: July, August, September
☐ 4: October, November, December

Employer identification number (EIN) 150417

Name as shown on Form 941 150417

Type of filer (check one):
☐ Section 3504 Agent ☐ Certified Professional Employer Organization (CPEO)

Read the instructions before you complete Schedule R. Type or print within the boxes. Complete a separate line for the amounts allocated to each of your clients. The term "client" as used on this form includes the term "customer." See the instructions.

(a) Client's Employer identification number (EIN)	(b) Type of wages, tips, and other compensation (CPEO Use Only)	(c) Wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 2	(d) Federal income tax withheld from wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 3	(e) Total social security and Medicare taxes allocated to the listed client EIN from Form 941, line 5e	(f) Section 312(g) Notice and Demand-Tax due on unreported tips allocated to the listed client EIN from Form 941, line 5f	(g) Qualified small business payroll tax credit for increasing research and development activities allocated to the listed client EIN from Form 941, line 11	(h) Total taxes after adjustments and credits allocated to the listed client EIN from Form 941, line 12	(i) Total deposits from Form 941, line 13, plus any payments made with the return allocated to the listed client EIN
1	.90 in	1.10 in	1.29 in	1.10 in	1.29 in	1.00 in	1.09 in	1.21 in
2								
3								
4								
5								
6								
7								
8								
9								
10								
11	Subtotals for clients. Add all amounts on lines 1 through 10	.50 in						
12	Enter the combined subtotal from line 24 of all Continuation Schedules R		.83 in					
13	Enter Form 941 amounts for your employees			.50 in				
14	Totals. Add lines 11, 12, and 13. The column totals must match the related lines on the aggregate Form 941				.83 in			

For Paperwork Reduction Act Notice, see the instructions.

Cat. No. 49301K Schedule R (Form 941) (Rev. 1-2017)

Page of .50 in

Continuation Sheet for Schedule R (Form 941)
(Rev. January 2017)

Employer identification number (EIN)

Name as shown on Form 941

Type of filer (check one):
☐ Section 504 Agent ☐ Certified Professional Employer Organization (CPEO)

950517

Report for calendar year:

Check the quarter (same as Form 941):
☐ 1: January, February, March
☐ 2: April, May, June
☐ 3: July, August, September
☐ 4: October, November, December

(a) Client's Employer identification number (EIN)	(b) Type of wages, tips, and other compensation (CPEO Use Only)	(c) Wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 2	(d) Federal income tax withheld from wages, tips, and other compensation allocated to the listed client EIN from Form 941, line 3	(e) Total social security and Medicare taxes allocated to the listed client EIN from Form 941, line 5e	(f) Section 3121(g) Notice on unreported tips allocated to the listed client EIN from Form 941, line 5f	(g) Qualified small business payroll tax credit for increased research activities allocated to the listed client EIN from Form 941, line 11	(h) Total taxes after adjustments and credits allocated to the listed client EIN from Form 941, line 12	(i) Total deposits from Form 941, line 13, plus any payments made with the return allocated to the listed client EIN
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24	Subtotals for clients. Add lines 1 through 23. Include the subtotals from line 24 on line 12 of Schedule R.							

Schedule R (Form 941) (Rev. 1-2017)

Form **8974**
(January 2017)

Qualified Small Business Payroll Tax Credit for Increasing Research Activities

Department of the Treasury — Internal Revenue Service

OMB No. 1545-0029

Employer identification number (EIN) 3.27 in

Name (not your trade name) 3.50 in

The credit from Part 2, line 12, will be reported on (check only one box):

☐ Form 941, 941-PR, or 941-SS

☐ Reserved

☐ Reserved

2.23 in

1.23 in

1.04 in

Calendar year 1.04 in

You must select a quarter if you file Form 941, 941-PR, or 941-SS.

Report for this quarter . . .

Check only one box.

☐ 1: January, February, March

☐ 2: April, May, June

☐ 3: July, August, September

☐ 4: October, November, December

2.13 in

Part 1: Tell us about your income tax return.

1 Which income tax return did you file that elected a qualified small business payroll tax credit on Form 6765, Credit for Increasing Research Activities? Check only one box. ☐ Form 1040 ☐ Form 1065 ☐ Form 1120 ☐ Form 1120-E ☐ Form 1120S

2 What tax period was covered by your income tax return?

Calendar year 1.11 in or tax year beginning 1.28 in / / 1.10 in ending 48 in / / 1.10 in

3 When did you file your income tax return? .53 in

4 If the EIN shown above isn't the same as the EIN used on Form 6765, enter the EIN used on Form 6765. 3.26 in

Part 2: Determine the credit that you can use this period.

5 Enter the amount from Form 6765, line 44, or, if applicable, the amount that was allocated to your EIN 1.80 in

6 Enter the amount of the credit from line 5 that was taken on a previous period(s) .91 in

7 Subtract line 6 from line 5 5.70 in

8 Enter the amount from Form 941 (941-PR or 941-SS), line 5a, Column 2 .79 in

9 Enter the amount from Form 941 (941-PR or 941-SS), line 5b, Column 2 .45 in

10 Add lines 8 and 9 1.94 in

11 Multiply line 10 by 50% (0.50). See the instructions if you're a third-party payer of sick pay or if you received a Section 3121(q) Notice and Demand .20 in

12 Credit. Enter the smaller of line 7 or line 11. Also enter this amount on Form 941 (941-PR or 941-SS), line 11

For Paperwork Reduction Act Notice, see the separate instructions. IRS.gov/form8974

Cat. No. 37797C Form **8974** (1-2017)

2016 Section 45K(d)(2)(C) Reference Price

Notice 2017-24

SECTION 1. PURPOSE

This notice publishes the reference price under § 45K(d)(2)(C) of the Internal Revenue Code for calendar year 2016. The credit period for the nonconventional source production credit under § 45K ended on December 31, 2013, for facilities producing coke or coke gas (other than from petroleum based products). However, the reference price continues to apply in determining the amount of the enhanced oil recovery credit under § 43, the marginal well production credit for qualified crude oil production under § 45I, and the percentage depletion in case of oil and natural gas produced from marginal properties under § 613A.

SECTION 2. BACKGROUND

Section 45K(d)(2)(C) provides that the term “reference price” means, with respect to a calendar year, the Secretary’s estimate of the annual average wellhead price per barrel for all domestic crude oil the price of which is not subject to regulation by the United States.

Section 43(a) provides that, for purposes of § 38, the enhanced oil recovery credit for any taxable year is an amount equal to 15 percent of the taxpayer’s qualified enhanced oil recovery costs for such taxable year.

Section 43(b)(1) provides that the amount of enhanced oil recovery credit for any taxable year shall be reduced by an amount which bears the same ratio to the amount of such credit (determined without regard to this paragraph) as - (A) the amount by which the reference price for the calendar year preceding the calendar year in which the taxable year begins exceeds \$28, bears to (B) \$6. Section 43(b)(2) provides that the term “reference price” means, with respect to any calendar year, the reference price determined for such calendar year under § 45K(d)(2)(C).

Section 45I(a) provides that, for purposes of § 38, the marginal well production credit for any taxable year is an amount equal to the product of the credit

amount and the qualified crude oil production and the qualified natural gas production which is attributable to the taxpayer.

Section 45I(b)(1) provides that for crude oil, the amount of the marginal well production credit is \$3 per barrel of qualified crude oil production.

Section 45I(b)(2) provides that the \$3 amount under § 45I(b)(1) shall be reduced (but not below zero) by an amount which bears the same ratio to such amount (determined without regard to this paragraph) as - (i) the excess (if any) of the applicable reference price over \$15, bears to (ii) \$3. The applicable reference price for a taxable year is the reference price of the calendar year preceding the calendar year in which the taxable year begins.

Section 45I(c) provides that the term reference price means, with respect to any calendar year - (i) in the case of qualified crude oil production, the reference price determined under § 45K(d)(2)(C).

Section 613A(c)(6)(A) provides, in general, the allowance for depletion under § 611 shall be computed in accordance with § 613 with respect to - (i) so much of the taxpayer’s average daily marginal production of domestic crude oil as does not exceed the taxpayer’s depletable oil quantity (determined without regard to paragraph (3)(A)(ii)), and (ii) so much of the taxpayer’s average daily marginal production of domestic natural gas as does not exceed the taxpayer’s depletable natural gas quantity (determined without regard to paragraph (3)(A)(ii)), and the applicable percentage shall be deemed to be specified in subsection (b) of § 613 for purposes of subsection (a) of that section.

Section 613A(c)(6)(C) provides that the term “applicable percentage” means the percentage (not greater than 25 percent) equal to the sum of - (i) 15 percent, plus (ii) 1 percentage point for each whole dollar by which \$20 exceeds the reference price for crude oil for the calendar year preceding the calendar year in which the taxable year begins. For purposes of this paragraph, the term “reference price” means, with respect to any calendar year, the reference price determined for such calendar year under § 45K(d)(2)(C).

SECTION 3. REFERENCE PRICE

The reference price under § 45K(d)(2)(C) for calendar year 2016 is \$38.29.

SECTION 4. DRAFTING INFORMATION

The principal author of this notice is Martha M. Garcia of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice, contact Ms. Garcia on (202) 317-6853 (not a toll-free number).

2017 Section 43 Inflation Adjustment

Notice 2017-25

Section 43(b)(3)(B) of the Internal Revenue Code requires the Secretary to publish an inflation adjustment factor. The enhanced oil recovery credit under § 43 for any taxable year is reduced if the “reference price,” determined under § 45K(d)(2)(C), for the calendar year preceding the calendar year in which the taxable year begins is greater than \$28 multiplied by the inflation adjustment factor for that year.

The term “inflation adjustment factor” means, with respect to any calendar year, a fraction the numerator of which is the GNP implicit price deflator for the preceding calendar year and the denominator of which is the GNP implicit price deflator for 1990.

Because the reference price for the 2016 calendar year (\$38.29) does not exceed \$28 multiplied by the inflation adjustment factor for the 2016 calendar year (\$28 multiplied by 1.6713 = \$46.7964), the enhanced oil recovery credit for qualified costs paid or incurred in 2017 is determined without regard to the phase-out for crude oil price increases.

Table 1 contains the GNP implicit price deflator used for the 2017 calendar year, as well as the previously published GNP implicit price deflators used for the 1991 through 2016 calendar years.

Notice 2017-25 TABLE 1
GNP IMPLICIT PRICE DEFLATORS

<i>Calendar Year</i>	<i>GNP Implicit Price Deflator</i>
1990	112.9 (used for 1991)
1991	117.0 (used for 1992)
1992	120.9 (used for 1993)
1993	124.1 (used for 1994)
1994	126.0 (used for 1995)*
1995	107.5 (used for 1996)
1996	109.7 (used for 1997)**
1997	112.35 (used for 1998)
1998	112.64 (used for 1999)***
1999	104.59 (used for 2000)
2000	106.89 (used for 2001)
2001	109.31 (used for 2002)
2002	110.63 (used for 2003)
2003	105.67 (used for 2004)****
2004	108.23 (used for 2005)
2005	112.129 (used for 2006)
2006	116.036 (used for 2007)
2007	119.656 (used for 2008)
2008	122.407 (used for 2009)
2009	109.764 (used for 2010)*****
2010	110.654 (used for 2011)
2011	113.347 (used for 2012)*****
2012	115.387 (used for 2013)
2013	106.710 (used for 2014)*****
2014	108.407 (used for 2015)*****
2015	109.868 (used for 2016)
2016	111.528 (used for 2017)

* Beginning in 1995, the GNP implicit price deflator was rebased relative to 1992. The 1990 GNP implicit price deflator used to compute the 1996 § 43 inflation adjustment factor is 93.6.

** Beginning in 1997, two digits follow the decimal point in the GNP implicit price deflator. The 1990 GNP price deflator used to compute the 1998 § 43 inflation adjustment factor is 93.63.

*** Beginning in 1999, the GNP implicit price deflator was rebased relative to 1996. The 1990 GNP implicit price deflator used to compute the 2000 § 43 inflation adjustment factor is 86.53.

**** Beginning in 2003, the GNP implicit price deflator was rebased, and the 1990 GNP implicit price deflator used to compute the 2004 § 43 inflation adjustment factor is 81.589.

***** Beginning in 2009, the GNP implicit price deflator was rebased, and the 1990 GNP implicit price deflator used to compute the 2010 § 43 inflation adjustment factor is 72.199.

***** Beginning in 2011, the 1990 GNP implicit price deflator used to compute the 2012 § 43 inflation adjustment factor is 72.260.

***** Beginning in 2013, the GNP implicit price deflator was rebased, and the 1990 GNP implicit price deflator used to compute the 2014 § 43 inflation adjustment factor is 66.803.

***** Beginning in 2014, the 1990 GNP implicit price deflator used to compute the 2015 § 43 inflation adjustment factor is 66.732.

Table 2 contains the inflation adjustment factor and the phase-out amount for taxable years beginning in the 2017 calendar year as well as the previously published inflation adjustment factors and phase-out amounts for taxable years

beginning in the 1991 through 2016 calendar years.

Notice 2017-25 TABLE 2 INFLATION ADJUSTMENT FACTORS AND PHASE-OUT AMOUNTS		
<i>Calendar Year</i>	<i>Inflation Adjustment Factor</i>	<i>Phase-out Amount</i>
1991	1.0000	0
1992	1.0363	0
1993	1.0708	0
1994	1.0992	0
1995	1.1160	0
1996	1.1485	0
1997	1.1720	0
1998	1.1999	0
1999	1.2030	0
2000	1.2087	0
2001	1.2353	0
2002	1.2633	0
2003	1.2785	0
2004	1.2952	0
2005	1.3266	0
2006	1.3743	100 percent
2007	1.4222	100 percent
2008	1.4666	100 percent
2009	1.5003	100 percent
2010	1.5203	100 percent
2011	1.5326	100 percent
2012	1.5686	100 percent
2013	1.5968	100 percent
2014	1.5974	100 percent
2015	1.6245	100 percent
2016	1.6464	0
2017	1.6713	0

DRAFTING INFORMATION

The principal author of this notice is Martha M. Garcia of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, contact Ms. Garcia at (202) 317-6853 (not a toll-free number).

2017 Marginal Production Rates

Notice 2017-26

This notice announces the applicable percentage under § 613A of the Internal Revenue Code to be used in determining percentage depletion for marginal properties for the 2017 calendar year.

Section 613A(c)(6)(C) defines the term “applicable percentage” for purposes of determining percentage depletion for oil and gas produced from marginal proper-

ties. The applicable percentage is the percentage (not greater than 25 percent) equal to the sum of 15 percent, plus one percentage point for each whole dollar by which \$20 exceeds the reference price (determined under § 45K(d)(2)(C)) for crude oil for the calendar year preceding the calendar year in which the taxable year begins. The reference price determined under § 45K(d)(2)(C) for the 2016 calendar year is \$38.29.

The following table contains the applicable percentages for marginal production for taxable years beginning in calendar years 1991 through 2017.

Notice 2017–26
APPLICABLE PERCENTAGE FOR MARGINAL PRODUCTION

<i>Calendar Year</i>	<i>Applicable Percentage</i>
1991	15 percent
1992	18 percent
1993	19 percent
1994	20 percent
1995	21 percent
1996	20 percent
1997	16 percent
1998	17 percent
1999	24 percent
2000	19 percent
2001	15 percent
2002	15 percent
2003	15 percent
2004	15 percent
2005	15 percent
2006	15 percent
2007	15 percent
2008	15 percent
2009	15 percent
2010	15 percent
2011	15 percent
2012	15 percent
2013	15 percent
2014	15 percent
2015	15 percent
2016	15 percent
2017	15 percent

The principal author of this notice is Martha M. Garcia of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice contact Ms. Garcia at (202) 317-6853 (not a toll-free number).

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 sub-

stance 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 List¹

Bulletin 2017–1 through 2017–17

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2017-04, 2017-16 I.R.B. 1106

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¹A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2016–27 through 2016–52 is in Internal Revenue Bulletin 2016–52, dated December 26, 2016.

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Internal Revenue Service

Washington, DC 20224

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