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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1 and 301

[TD 9911]

RIN 1545-BO13

Computation and Reporting of Reserves for Life Insurance Companies

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations that provide guidance on the computation of life insurance reserves and the change in basis of computing certain reserves of insurance companies. These final regulations implement recent legislative changes to the Internal Revenue Code. This document affects entities taxable as insurance companies.

DATES: *Effective date:* These regulations are effective **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

Applicability dates: For dates of applicability, see §§ 1.338-11(d)(7)(iii), 1.807-1(c), 1.807-3(b), 1.807-4(e), 1.816-1(b), 1.817A-1(c), and 1.6012-2(l).

FOR FURTHER INFORMATION CONTACT: Ian Follansbee at (202) 317-4453 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to 26 CFR part 1 under sections 807 and

816 of the Internal Revenue Code (Code). Sections 807 and 816 were added to the Code by section 211(a) of the Deficit Reduction Act of 1984, Public Law 98-369, 98 Stat. 494. Section 807 was amended by sections 13513 and 13517 of Public Law No. 115-97, 131 Stat. 2054, 2143, 2144 (2017), commonly referred to as the Tax Cuts and Jobs Act (TCJA). These amendments by the TCJA apply to taxable years beginning after December 31, 2017.

This document also amends or removes the following regulations in 26 CFR: §§ 1.338-11, 1.381(c)(22)-1, 1.801-2, 1.801-5, 1.801-7, 1.801-8, 1.806-4, 1.807-1, 1.809-2, 1.809-5, 1.810-3, 1.817A-0, 1.817A-1, 1.818-2, 1.818-4, 1.848-1, 1.6012-2, and 301.9100-6T. These changes are conforming changes to regulations that (i) relate to repealed or amended law, (ii) reference regulations that are being removed, (iii) have no future application, or (iv) relate to other regulations made final by this document.

The Department of the Treasury (Treasury Department) and the IRS published proposed regulations (REG-132529-17) in the **Federal Register** (85 FR 18496) on April 2, 2020 (proposed regulations). A correction to the proposed regulations was published in **the Federal Register** (85 FR 21129) on April 16, 2020. The Treasury Department and the IRS received six public comments on the proposed regulations. Copies of the comments received are available for public inspection at <https://www.regulations.gov> or upon request. No public hearing was requested, and none was held.

After consideration of all of the comments received on the proposed regulations, the proposed regulations are adopted as amended by this Treasury decision (final regulations).

Summary of Comments and Explanation of Revisions

This section discusses the public comments received on the proposed regulations, explains the revisions adopted in the final regulations in response to those comments, and describes guidance the Treasury Department and the IRS are providing contemporaneously with publication of the final regulations in the **Federal Register**.

1. Comments and Changes Relating to § 1.807-1 of the Proposed Regulations

Section 807(d) of the Code provides the method of computing life insurance reserves for purposes of determining the income of an insurance company subject to Federal income tax under subchapter L of chapter 1 of the Code (subchapter L).

Section 807(d)(1)(A) provides generally that the amount of life insurance reserves for a life insurance contract (other than a variable contract subject to section 807(d)(1)(B)) is the greater of (i) the net surrender value of such contract, or (ii) 92.81 percent of the reserve determined under the tax-reserve method applicable to the contract under section 807(d)(3).

Section 1.807-1(a) of the proposed regulations (proposed § 1.807-1(a)) provides that no asset adequacy reserve may be included in the amount of life insurance reserves under section 807(d). Proposed § 1.807-1(a) describes an asset adequacy reserve as “includ[ing] any reserve that is established as an additional reserve based upon an analysis of the adequacy of reserves that would otherwise be established or any reserve that is not held with respect to a particular contract.” Further, proposed § 1.807-1(a) provides that an asset adequacy reserve is “any reserve or portion of a reserve that would have been established pursuant to an asset adequacy analysis required by the National Association of Insurance Commissioner’s Valuation Manual 30 as it existed on December 22, 2017, the date of enactment of Public Law 115-97”

Two commenters requested that the first quoted provision be changed to provide that asset adequacy reserves are those reserves established pursuant to an analysis of the adequacy of reserves only if that analysis is pursuant to the requirements of the National Association of Insurance Commissioners' (NAIC) Valuation Manual 30. Both commenters suggested the final regulations state what an asset adequacy reserve "is" as opposed to what it "includes." Moreover, both commenters would remove the language that includes within the definition of "asset adequacy reserve" any reserve that is not held with respect to a particular contract.

The final regulations generally incorporate these comments. The final regulations, however, also incorporate in the definition of asset adequacy reserves any reserve that is similar to an asset adequacy reserve that is determined under the NAIC's requirements as of the date the reserve is determined.

With respect to the second provision previously quoted, one commenter proposed removing the December 22, 2017, fixed date and replacing it with a reference to "the date the reserve is determined." The commenter believed that such a change would make the provision more consistent with section 807(d)(3), which generally requires using the tax reserve method that is applicable as of the date the reserve is determined.

The final regulations do not adopt this suggestion. Section 807(d)(3) specifically provides that the tax reserve method (for example, the Commissioners' Reserve Valuation Method (CRVM) or Commissioners' Annuity Reserve Valuation Method (CARVM)) to be used in determining a reserve is the tax reserve method that is applicable when the reserve is determined. No such rule exists with respect to asset

adequacy reserves.

The reserves determined based on the application of those parts of the NAIC Valuation Manual, as it existed when the TCJA was enacted, that implement and define CRVM and CARVM are not asset adequacy reserves. See Staff of the Joint Committee on Taxation, 115th Cong., General Explanation of Public Law 115-97, 235 (Comm. Print 2018) (Bluebook) (“Under NAIC-prescribed principle-based reserve methodology in effect at the time of the enactment of the provision, principle-base[d] reserves for any contract do not include any asset adequacy reserve component.”) (citation omitted). On the other hand, any additional reserve required to be set aside under Valuation Manual 30, as it existed when the TCJA was enacted, based on an analysis of the adequacy of the reserves otherwise determined, constitutes an asset adequacy reserve under § 1.807-1 of the final regulations.

One commenter proposed the addition of a general provision explaining the significance and selection of the tax reserve method for a contract. The final regulations include such a provision.

The commenter also proposed the addition of an example illustrating the determination of life insurance reserves under section 807(d)(1) and the exclusion of asset adequacy reserves from life insurance reserves. The Treasury Department and the IRS did not include the example in the final regulations, but the principles illustrated by the example are explained in this preamble.

2. Comments and Changes Relating to § 1.807-4 of the Proposed Regulations

Section 807(f)(1) of the Code provides that if the basis for determining any item referred to in section 807(c) as of the close of any taxable year differs from the basis for

such determination as of the close of the preceding taxable year, then so much of the difference between (A) the amount of the item at the close of the taxable year, computed on the new basis, and (B) the amount of the item at the close of the taxable year, computed on the old basis, as is attributable to contracts issued before the taxable year must be taken into account under section 481 as adjustments attributable to a change in method of accounting initiated by the taxpayer and made with the consent of the Secretary.

Section 1.807-4 of the proposed regulations (proposed § 1.807-4) provides guidance relating to both the change in basis of computing reserves of a life insurance company and the change in basis of computing life insurance reserves of an insurance company other than a life insurance company (a nonlife insurance company). Under proposed § 1.807-4(a), a change in basis of computing an item referred to in section 807(c) is a change in method of accounting for purposes of § 1.446-1(e), unless § 1.446-1(e) provides otherwise. Accordingly, under proposed § 1.807-4(a), both a life insurance company changing the basis of computing an item referred to in section 807(c) and a nonlife insurance company changing the basis of computing life insurance reserves must follow the administrative procedures prescribed by the Commissioner of Internal Revenue or his delegate (Commissioner) to obtain the consent of the Commissioner to such a change.

A. Relationship between section 446 and subchapter L

One commenter suggested that § 1.807-4(a) state at the outset that section 807(f) treats a change in basis of computing reserves as a change in method of accounting. The commenter thought this would better establish why § 1.446-1(e)

applies to the change in basis of computing reserves. The final regulations incorporate this suggestion. The amendment of section 807(f) by the TCJA led to the requirement in § 1.807-4(a) that changes in basis of computing an item referred to in section 807(c) must follow the same administrative procedures as other changes in method of accounting. Accordingly, this Treasury decision removes or obsoletes contrary guidance (for example, § 1.806-4 and Rev. Rul. 94-74, 1994-2 C.B. 157).

Another commenter took the position that a change in basis of computing an item referred to in section 807(c) is not a change in method of accounting that should require consent under section 446(e). The commenter believed that the IRS's consent should be needed under section 481(c) only to reflect a multi-year spread of a section 481(a) adjustment that may result from a change in basis of computing reserves. The Treasury Department and the IRS do not agree with this position. The computation of reserves has always been a method of accounting. See Am. Gen. Life & Accident Ins. Co. v. United States, 90-1 USTC (CCH) ¶ 50,010 (M.D. Tenn. 1989) (“[W]hile the government is correct in classifying the change at issue as a change in method of accounting, it is also more specifically a change in the method of computing reserves.”); Rev. Rul. 94-74 (stating that “§ 807(f) is a more specific application of the general tax rules governing a change in method of accounting”). Under the specific provisions of former section 807(f), the general change in method of accounting procedures did not apply to a change in basis of computing reserves. With the TCJA's amendment to section 807(f), the procedures generally applicable to a change in method of accounting apply to a change in basis of computing reserves under section 807(c). See Bluebook at 228 (stating that a company that changes its method of computing reserves must comply

with applicable IRS procedures).

The same commenter recommended that if the final regulations do not remove the requirement that a change in basis of computing reserves under section 807(f) requires consent under section 446(e), then the preamble to the final regulations should clarify that section 446(b) does not apply to the determination of insurance reserves. This recommendation is similar to another commenter's recommendation that the preamble should acknowledge that the application of the consent provisions of section 446(e) and § 1.446-1(e) does not affect the role of sections 811(a) and 807(d) with respect to the determination of section 807(c) reserves.

Except in extraordinary circumstances, section 446(b) does not affect the requirement that a life insurance company compute its reserves for Federal income tax purposes as required by subchapter L. Similarly, subchapter L does not affect the requirement under section 446(e) that an insurance company secure the consent of the Commissioner before changing its basis of computing reserves.

B. Examples in § 1.807-4(d)

Proposed § 1.807-4 contains four examples illustrating the principles of proposed § 1.807-4(a) through (c). One commenter suggested several clarifications to Example 1 and Example 2 in proposed § 1.807-4(d). Additionally, the commenter requested additional guidance on how the standard for what constitutes a change in basis of computing reserves applies to frequently-encountered fact patterns involving life insurance reserves, such as under principle-based reserve methodologies.

The final regulations do not include what had been Example 1 and Example 2 in proposed § 1.807-4(d). The principles illustrated in these examples are sufficiently

illustrated in the remaining examples. Moreover, the Treasury Department and the IRS are providing additional guidance on the fact patterns that constitute a change in basis of computing life insurance reserves in Rev. Rul. 2020-19, 2020-40 I.R.B. 611, released contemporaneously with publication of these final regulations in the **Federal Register**.

C. Automatic consent procedures for reserves of nonlife insurance companies

Currently, section 26.04 of Rev. Proc. 2019-43, 2019-48 I.R.B. 1107, provides for automatic consent to a change in method of accounting if that change relates to section 807(c) items (which include life insurance reserves for a nonlife insurance company). One commenter requested that the same treatment be extended to changes in method of accounting for the unearned premium reserves and the unpaid loss reserves of nonlife insurance companies.

The final regulations do not incorporate this request, and the Treasury Department and the IRS do not anticipate that Rev. Proc. 2019-43 will be amended to allow for the requested automatic consent. The automatic consent procedures provided in section 26.04 of Rev. Proc. 2019-43 to life insurance companies for a change in basis of computing reserves and to nonlife insurance companies for a change in basis of computing life insurance reserves were a response to the specific change in section 807(f) made by the TCJA. No such change was made by the TCJA for unearned premium reserves or unpaid loss reserves of nonlife insurance companies.

D. Obsoleting of revenue rulings and notice

The preamble to the proposed regulations proposes obsoleting the following revenue rulings because they are inconsistent with section 807(f), as amended by the TCJA: Rev. Rul. 2002-6, 2002-1 C.B. 460, Rev. Rul. 94-74, 1994-2 C.B. 157, Rev. Rul.

80-117, 1980-1 C.B. 143, Rev. Rul. 80-116, 1980-1 C.B. 141, Rev. Rul. 78-354, 1978-2 C.B. 190, Rev. Rul. 77-198, 1977-1 C.B. 190, Rev. Rul. 75-308, 1975-2 C.B. 264, Rev. Rul. 74-57, 1974-1 C.B. 163, Rev. Rul. 70-568, 1970-2 C.B. 140, Rev. Rul. 70-192, 1970-1 C.B. 153, Rev. Rul. 69-444, 1969-2 C.B. 145, Rev. Rul. 65-240, 1965-2 C.B. 236, Rev. Rul. 65-233, 1965-2 C.B. 228, Rev. Rul. 65-143, 1965-1 C.B. 261.

One commenter believes Rev. Rul. 2002-6, Rev. Rul. 94-74, and Rev. Rul. 69-444 contain principles that provide guidance on what constitutes a change in basis of computing reserves and that additional guidance is needed if these revenue rulings are obsoleted. While this Treasury decision obsoletes those revenue rulings, the Treasury Department and the IRS are providing additional guidance on the fact patterns that constitute a change in basis of computing life insurance reserves contemporaneously with publication of the final regulations in the **Federal Register**. See Rev. Rul. 2020-19.

The preamble to the proposed regulations also proposes to obsolete Notice 2010-29, 2010-15 I.R.B. 547, which provided interim guidance relating to variable annuity contracts as a result of the adoption by the NAIC of Actuarial Guideline 43, which describes a principle-based reserve method. No comments were received regarding this proposed obsolescence, and this Treasury decision obsoletes Notice 2010-29.

E. Revising section 26.04 of Rev. Proc. 2019-43

The preamble to the proposed regulations describes revisions that the Treasury Department and the IRS intend to make to section 26.04 of Rev. Proc. 2019-43. First, section 26.04(2)(b)(ii) of Rev. Proc. 2019-43 provides that multiple changes during the same taxable year for the same type of contract are considered a single change in basis

and the effects of such changes are netted and treated as a single section 481(a) adjustment. Section 807(f)(1), however, provides that the section 481(a) adjustment is the difference between the amount of any item referred to in section 807(c) computed on the new basis and the amount of such item computed on the old basis. Accordingly, the Treasury Department and the IRS intend to revise section 26.04 of Rev. Proc. 2019-43 to require netting of the section 481(a) adjustments at the level of each item referred to in section 807(c) so there is a single section 481(a) adjustment for each of the items referred to in section 807(c).

Second, section 26.04(1) of Rev. Proc. 2019-43 provides that the automatic change procedures apply to a nonlife insurance company. The Treasury Department and the IRS intend to revise section 26.04 of Rev. Proc. 2019-43 to clarify the manner in which nonlife insurance companies implement changes to the basis of computing life insurance reserves (as defined in section 816(b)) during a taxable year (year of change). Specifically, the clarification would provide that, if a nonlife insurance company changes the basis of computing its life insurance reserves, then for purposes of applying section 832(b)(4), (i) for the year of change, life insurance reserves at the end of the year of change with respect to contracts issued before the year of change are determined on the old basis and (ii) for the year following the year of change, life insurance reserves at the end of the preceding taxable year with respect to contracts issued before the year of change are determined on the new basis. Life insurance reserves attributable to contracts issued during the year of change and thereafter must be computed on the new basis.

One commenter agreed with the intended revisions.

3. Comments and Changes Relating to § 1.807-3 of the Proposed Regulations

Section 13517 of the TCJA added section 807(e)(6) to the Code, which provides that the Secretary of the Treasury or his delegate (Secretary) “shall require reporting (at such time and in such manner as the Secretary shall prescribe) with respect to the opening and closing balance of reserves and with respect to the method of computing reserves for purposes of determining income.” In accordance with section 807(e)(6), § 1.807-3 of the proposed regulations (proposed § 1.807-3) provides that the IRS may require reporting on Form 1120-L with respect to the opening and closing balances of the items described in section 807(c) and with respect to the method of computing such items for the purposes of determining income.

One commenter requested further consultation with the life insurance industry before any additional reserve reporting requirements are implemented. According to the commenter, this consultation will be necessary to ensure that the information provided is useful to the government and that providing the information is not unduly burdensome to taxpayers relative to the information’s utility.

The IRS understands the importance of obtaining the life insurance industry’s input before changing the reporting requirements. Proposed § 1.807-3 is adopted as final by this Treasury decision, and the IRS expects to consult with the life insurance industry before making any changes to reporting requirements. Further, as discussed in the Special Analysis section of this preamble, any future changes to tax return form requirements stemming from this provision would be subject to burden analysis and public notice and comment under the Paperwork Reduction Act, which requirements the IRS is committed to follow.

4. Comments and Changes Relating to § 1.816-1 of the Proposed Regulations

Section 1.816-1(a) of the proposed regulations (proposed § 1.816-1(a)) provides that a reserve (other than an asset adequacy reserve) that is computed using a tax reserve method as defined in section 807(d)(3) and that meets the requirements of section 816(b)(1) and (b)(2) will not be disqualified as a life insurance reserve solely because the method used to calculate the reserve takes into account factors other than those prescribed by section 816(b)(1) and (b)(2). Thus, for instance, reserves calculated using principle-based reserve methodologies will not fail to qualify as life insurance reserves solely because the reserves might be calculated using certain factors in addition to assumed rates of interest and recognized mortality or morbidity tables.

One commenter requested the preamble for the final regulations state that in some cases the use of additional factors in computing reserves for taxable years prior to the effective date of these final regulations is not prohibited. The commenter did not want any negative inference that proposed § 1.816-1 is making permissible what was before impermissible (namely using certain additional factors in computing reserves).

The Treasury Department and the IRS agree that certain factors other than those prescribed by section 816(b)(1) and (b)(2) may be taken into account in determining life insurance reserves for taxable years prior to the effective date of these final regulations if the use of such factors would make the calculation of the reserve more accurate.

See, e.g., Mutual Benefit Life Insurance Co. v. Commissioner, 488 F.2d 1101, 1106 (3d Cir. 1974).

5. Comments and Changes Relating to § 1.6012-2 of the Proposed Regulations

The Conference Report to the TCJA contemplates requiring the electronic filing of annual statements to improve reporting of insurance reserves, as necessary to carry out and enforce section 807. H.R. Rep. No. 115-466, at 478-79 (2017) (Conference Report). In response to the Conference Report, the proposed regulations propose to remove § 1.6012-2(c)(4), which prohibits an insurance company that files its Form 1120-L or Form 1120-PC electronically from attaching its annual statement (or pro forma annual statement) to its return.

One commenter stated that for some of the largest groups of companies, the size limits found in section 2.1.2 of IRS Publication 4164, *Modernized e-File (MeF) Guide to Software Developers and Transmitters, Processing Year 2020*, would likely be exceeded if the annual statement were to be filed electronically, and for other groups of companies, the size limit would likely be exceeded by the return and the annual statement when combined. The commenter suggested retaining the existing rule that electronic filers should not submit their annual statements with their returns, or alternatively, changing the requirement such that electronic filers must only submit limited parts of the annual statement.

The final regulations retain § 1.6012-2(c)(4), but it now provides that electronic filers must file their annual statement or a portion thereof in accordance with the applicable rules in the forms or instructions. The Treasury Department and the IRS anticipate that once the IRS has the capacity to accept the electronic filing of annual statements, the tax return forms and instructions will require electronic filing of all or portions of the annual statement. The IRS, however, expects to consult with the insurance industry before requiring such electronic filing.

6. Comments and Changes Relating to § 1.817A-1 of the Proposed Regulations

The proposed regulations propose to remove parts of § 1.817A-1 that pertain to sections 807(d)(2)(B) and 812(b)(2)(A). Those sections were removed by the TCJA. The notice of proposed rulemaking requested comments on whether § 1.817A-1 should continue to provide a current market interest rate to be used in computing reserves under section 807(c)(3) during the temporary guarantee period of a modified guaranteed contract (MGC) given that the TCJA modified the flush language of section 807(c) to provide a specific interest rate to be used in making section 807(c)(3) computations.

One commenter recommended that § 1.817A-1 be removed in its entirety. The final regulations remove provisions relating to section 807(c)(3) but retain the provision (and related definitions) that waives section 811(d) for non-equity indexed MGCs during the temporary guarantee period, because these rules continue to remain relevant.

7. Conforming Changes to Regulations

The proposed regulations also propose to remove or amend the following regulatory provisions: §§ 1.338-11, 1.381(c)(22)-1, 1.801-2, 1.801-5, 1.801-7, 1.801-8, 1.806-4, 1.809-2, 1.809-5, 1.810-3, 1.817A-0, 1.818-2, 1.818-4, 1.848-1, and 301.9100-6T. These provisions were proposed to be removed or amended because they related to repealed or amended law or to regulations that were proposed to be removed or amended or they had no future application.

One commenter suggested that parts of paragraph (a) of § 1.801-7, a provision proposed to be removed in its entirety, continue to remain relevant under section 817. By its terms, § 1.801-7 is not applicable to any taxable year beginning after 1962. See

§ 1.801-7(d). Because § 1.801-7 is not applicable to any taxable year after 1962, the commenter's suggestion is not adopted.

More generally, the commenter requested removal of more "deadwood" provisions than provided for in the notice of proposed rulemaking. The removal of additional "deadwood" provisions is beyond the scope of this rulemaking. No other specific comments were received with respect to these proposed conforming changes.

8. Comments Regarding Foreign-Issued Life Insurance and Annuity Contracts

The Code contains a statutory definition of a life insurance contract under section 7702, rules applicable to certain flexible premium contracts under section 101(f), distribution on death requirements under section 72(s), and diversification requirements under section 817(h). These statutory requirements, which reflect Congress's concern that the tax-favored treatment generally accorded life insurance and annuity contracts was available to contracts that were too investment oriented or provided for undue tax deferral, are relevant to the tax treatment of a policyholder, annuitant, or beneficiary as well as the entity that issues or reinsures a life insurance or annuity contract.

In response to a request to promulgate regulations that exempt certain contracts from the statutory requirements of sections 72(s), 101(f), 817(h), and 7702, the preamble to the proposed regulations asks for comments on whether such regulations should be promulgated. As described in the preamble to the proposed regulations, the requested exemption would apply to contracts issued by a non-U.S. insurance company and reinsured by a U.S. insurance company if (i) no policyholder, insured, annuitant, or beneficiary with respect to the contract is a U.S. person and (ii) such contract is regulated as a life insurance or annuity contract by a foreign regulator. The preamble to

the proposed regulations states that the Treasury Department and the IRS are evaluating the request, including whether to address it as part of this rulemaking, and requests comments including in respect of statutory interpretation and implications in various contexts and provisions outside of subchapter L.

Three comments were received. One commenter (whose comment was endorsed by another commenter) generally repeated the original request (but narrowed the requested exemptions to only sections 7702 and 72(s)) and stated that such regulations would assist U.S. reinsurers of exempted contracts to qualify as life insurance companies under section 816. The commenter asserted that the proposal would (i) align with domestic and U.S. international tax policy considerations because they would be applicable only to contracts owned by and benefitting persons not subject to Federal income tax and (ii) support policy goals of the TCJA to bring profitable business operations into the United States. The commenter further asserted that such regulations would not (i) affect the character, source, or separate category basket in which income derived from the reinsurance is included for U.S. withholding tax or foreign tax credit purposes, (ii) alter the application of any applicable U.S. withholding tax on income from sources within the United States paid by a domestic insurance company to any foreign corporation, or (iii) affect the treatment under section 59A of any claims and benefits or any other amounts paid by a domestic insurance company to a foreign related party under a reinsurance contract. The commenter acknowledged that it may not be possible for a U.S. insurance company to know the identity of a contract's underlying beneficial owners unless the beneficial owner and the policyholder were the same person and requested that U.S. insurance companies be able to rely upon the

Foreign Account Tax Compliance Act beneficial ownership rules to determine if a contract has a U.S. person as a beneficial owner.

Another commenter stated that tax reserve deductions are already available for failed life insurance contracts under other provisions of section 807(c), just in a different amount than would be the case with life insurance reserve treatment. The commenter stated that there could nevertheless be benefits of conformity and suggested an alternative proposal. The commenter recommended that the Treasury Department and the IRS use their authority under sections 811(a) and 7805(a) to issue regulations that provide that reserves held by a U.S. reinsurer relating to indemnity reinsurance of contracts issued by a foreign insurance company be treated as life insurance reserves for purposes of subchapter L if: (i) the underlying contracts are issued by a foreign insurer, (ii) such contracts are regulated as life insurance or annuity contracts both under the applicable law in the foreign jurisdiction and by the regulator of the reinsuring domestic insurance company, (iii) the NAIC prescribes reserves for such contracts that are computed as reserves applicable to life insurance or annuity contracts, and (iv) the initial issuance of the insurance contract to the policyholder was not through the conduct of a trade or business within the United States.

The considerations surrounding the issuance of the requested regulations are complex and require further study. Accordingly, the Treasury Department and the IRS have decided not to issue the requested regulations as part of this rulemaking and will continue to carefully consider these comments.

Applicability Dates

The rules in the final regulations apply to taxable years beginning after INSERT

DATE OF PUBLICATION IN THE FEDERAL REGISTER.

A taxpayer may rely on § 1.807-4 or 1.816-1 of the proposed regulations for a taxable year beginning after December 31, 2017, and on or before **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. Alternatively, a taxpayer may choose to apply § 1.807-4, 1.816-1, or 1.817A-1(b) of the final regulations to a taxable year beginning after December 31, 2017, the effective date of the revision of section 807 made by the TCJA, and on or before **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, provided the taxpayer consistently applies the relevant regulation to that taxable year and all subsequent taxable years. See section 7805(b)(7).

Effect on Other Documents

The following revenue rulings are obsoleted for taxable years beginning after **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**: Rev. Rul. 2002-6, 2002-1 C.B. 460, Rev. Rul. 94-74, 1994-2 C.B. 157, Rev. Rul. 80-117, 1980-1 C.B. 143, Rev. Rul. 80-116, 1980-1 C.B. 141, Rev. Rul. 78-354, 1978-2 C.B. 190, Rev. Rul. 77-198, 1977-1 C.B. 190, Rev. Rul. 75-308, 1975-2 C.B. 264, Rev. Rul. 74-57, 1974-1 C.B. 163, Rev. Rul. 70-568, 1970-2 C.B. 140, Rev. Rul. 70-192, 1970-1 C.B. 153, Rev. Rul. 69-444, 1969-2 C.B. 145, Rev. Rul. 65-240, 1965-2 C.B. 236, Rev. Rul. 65-233, 1965-2 C.B. 228, and Rev. Rul. 65-143, 1965-1 C.B. 261.

Notice 2010-29 is obsoleted for taxable years beginning after December 31, 2017.

Special Analyses

This regulation is not subject to review under section 6(b) of Executive Order

12866 pursuant to the Memorandum of Agreement (April 11, 2018) between the Treasury Department and the Office of Management and Budget regarding review of tax regulations.

Paperwork Reduction Act

The collection of information relating to the final regulations was submitted to the Office of Management and Budget for review under OMB Control Number 1545-0123 in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)).

In response to the Conference Report and comments on the proposed regulations, § 1.6012-2(c)(4), as revised by the final regulations, provides that an insurance company should include the insurance company's annual statement (as defined in § 1.6012-2(c)(5)), or a portion thereof, with an electronically filed Federal income tax return (Form 1120-L for a life insurance company and Form 1120-PC for a nonlife insurance company) as required by the applicable forms or instructions. Federal income tax items of an insurance company are determined in part based upon the insurance company's annual statement. Providing the annual statement, or a portion thereof, to the IRS with an electronically filed Federal income tax return will allow the IRS to better and more efficiently examine an insurance company's Federal income tax return. However, until the applicable forms or instructions are revised, the current rules for including the annual statement with an electronically filed Federal income tax return continue to apply.

For purposes of the Paperwork Reduction Act, the burden for the collection of information associated with § 1.6012-2 of the final regulations will be reflected in the burden on the Form 1120-L and in the burden on the Form 1120-PC (OMB Control

Number 1545-0123) when the burden for each is revised to reflect the collection of information associated with § 1.6012-2 of the final regulations. The respondents to the collection of information are life insurance companies that file the Form 1120-L electronically and nonlife insurance companies that file the Form 1120-PC electronically. The Treasury Department and the IRS expect to consult with the life insurance industry before making any changes to these reporting requirements.

In accordance with section 807(e)(6), as added by the TCJA, § 1.807-3 of the final regulations provides that the IRS may require reporting on Form 1120-L of the opening balance and closing balance of items described in section 807(c) (for example, life insurance reserves) and the method of computing such items for purposes of determining income. Providing this information will allow the IRS to better examine an insurance company's Federal income tax return. However, under § 1.807-3 of the final regulations, this information is not required to be provided on any prescribed forms, such as the Form 1120-L, until the relevant prescribed forms or instructions are revised to require the reporting of such information.

For purposes of the Paperwork Reduction Act, the burden for the collection of information associated with § 1.807-3 of the final regulations will be reflected in the burden on the Form 1120-L (OMB Control Number 1545-0123) when the burden is revised to reflect the collection of information associated with § 1.807-3 of the final regulations. The respondents to the collection of information are life insurance companies that file a Form 1120-L. The Treasury Department and the IRS expect to consult with the life insurance industry before making any changes to these reporting requirements.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

Regulatory Flexibility Act

It is hereby certified that the final regulations will not have a significant economic impact on a substantial number of small entities pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6).

Section 13517 of the TCJA added section 807(e)(6) to the Code. Under section 807(e)(6), the Secretary may require reporting (at such time and in such manner as the Secretary shall prescribe) with respect to the opening balances and the closing balances of reserves and with respect to the method of computing reserves for purposes of determining income. Section 1.807-3 of the final regulations allows the IRS to require the reporting of this information on any prescribed forms, such as the Form 1120-L.

The Conference Report provides that, under existing authority, the Secretary may require an insurance company to provide its annual statement via a link, electronic copy, or other similar means. See Conference Report at 478-79. Section 1.6012-2(c)(4) of the final regulations provides that an insurance company should include the insurance company's annual statement, or a portion thereof, with an electronically filed Federal income tax return (Form 1120-L for a life insurance company and Form 1120-PC for a nonlife insurance company) as required by the applicable forms or instructions. Under current procedures, an insurance company can only electronically file a Form 1120-L or Form 1120-PC if the insurance company is part of an affiliated group filing a

consolidated return, the parent of which files a Form 1120. Although data are not readily available, the Treasury Department and the IRS expect that any reporting burden associated with § 1.6012-2(c) will fall primarily on financial and insurance firms with annual receipts greater than \$41.5 million and, therefore, will not affect a substantial number of small entities. See 13 CFR 121.201, sector 52 (finance and insurance).

As stated in the preceding paragraph, the rule is not expected to affect a substantial number of small entities; however, even if a substantial number of small entities were affected, the economic impact of the regulation is not likely to be significant. Section 1.807-3 of the final regulations is limited in scope to time and manner of information reporting, and any economic impact associated with this regulation is expected to be minimal. Further, the information reported to the IRS is information that the insurance company has readily available and the Treasury Department and the IRS expect to consult with the life insurance industry before making any changes to the reporting requirements. Accordingly, the Secretary certifies that the final regulations will not have a significant economic impact on a substantial number of small entities.

Pursuant to section 7805(f) of the Code, the notice of proposed rulemaking preceding the Final Regulations was submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small business, and no comments were received from the Chief Counsel for the Office of Advocacy of the Small Business Administration.

Drafting Information

The principal author of these regulations is Ian Follansbee, Office of Associate Chief Counsel (Financial Institutions and Products), IRS. However, other personnel from the Treasury Department and the IRS participated in their development.

Statement of Availability of IRS Documents

The IRS notices, revenue procedures, and revenue rulings cited in this preamble are published in the Internal Revenue Bulletin (or Cumulative Bulletin) and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at <http://www.irs.gov>.

List of Subjects

26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

26 CFR Part 301

Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 301 are amended as follows:

PART 1--INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by adding a sectional authority for § 1.807-3 in numerical order to read in part as follows:

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

* * * * *

Section 1.807-3 also issued under 26 U.S.C. 807(e)(6).

* * * * *

Par. 2. Section 1.338-11 is amended by:

1. Revising paragraph (d)(2).

2. In paragraph (d)(3)(i), removing the language “and (d)(3)(iii)” and adding “through (iv)” in its place.

3. Redesignating paragraph (d)(3)(iii) as paragraph (d)(3)(iv).

4. Adding a new paragraph (d)(3)(iii).

5. Revising newly redesignated paragraph (d)(3)(iv).

6. Adding paragraph (d)(7)(iii).

The revisions and additions read as follows:

§ 1.338-11 Effect of section 338 election on insurance company targets.

* * * * *

(d) * * *

(2) Exception. New target is not treated as receiving additional premium under paragraph (d)(1) of this section if it is under state receivership as of the close of the taxable year for which the increase in reserves occurs.

(3) * * *

(iii) Increases in section 807(c) reserves. The positive amount with respect to the items referred to in section 807(c) other than discounted unpaid loss reserves is the sum of the net increases in such items that are required to be taken into account under section 807(f).

(iv) Increases in other reserves. The positive amount with respect to reserves other than discounted unpaid loss reserves and other items referred to in section 807(c) is the net increase of those reserves due to changes in estimate, methodology, or other

assumptions used to compute the reserves (including the adoption by new target of a methodology or assumptions different from those used by old target).

* * * * *

(7) * * *

(iii) Application of paragraphs (d)(2) and (3) of this section. Paragraphs (d)(2) and (3) of this section apply to taxable years beginning after **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. For taxable years beginning on or before such date, see paragraph (d) of this section as contained in 26 CFR part 1 revised as of April 1, 2020.

* * * * *

§ 1.381(c)(22)-1 [Amended]

Par. 3. In § 1.381(c)(22)-1, paragraph (b)(6) is removed and reserved.

§ 1.801-2 [Amended]

Par. 4. Section 1.801-2 is amended in the second sentence by removing the language “1.801-7” and adding “1.801-6” in its place.

§ 1.801-5 [Amended]

Par. 5. In § 1.801-5, paragraph (c) is removed and reserved.

§ 1.801-7 [Removed and reserved]

Par. 6. Section 1.801-7 is removed and reserved.

§ 1.801-8 [Amended]

Par. 7. In § 1.801-8, paragraph (e) is removed and reserved.

§ 1.806-4 [Removed]

Par. 8. Section 1.806-4 is removed.

Par. 9. Section 1.807-1 is revised to read as follows:

§ 1.807-1 Computation of life insurance reserves.

(a) Tax reserve method. For purposes of determining the amount of life insurance reserves for a contract under section 807(d)(1), section 807(d)(2) requires the determination of the amount of the reserve for a contract using the tax reserve method applicable to the contract. Under section 807(d)(3), the tax reserve method applicable to the contract is the Commissioners' Reserve Valuation Method (CRVM), the Commissioners' Annuities Reserve Valuation Method (CARVM), or other reserve method prescribed by the National Association of Insurance Commissioners (NAIC) that applies to the contract as of the date the reserve is determined. If the NAIC has not prescribed a reserve method that covers the contract, a reserve method that is consistent with the CRVM, the CARVM, or other NAIC-prescribed method as of the date the reserve is determined (whichever is most appropriate) must be used.

(b) No asset adequacy reserve. The life insurance reserve determined under section 807(d)(1) does not include any asset adequacy reserve.

(1) An asset adequacy reserve is—

(i) Any reserve that is established as an additional reserve based upon an analysis of the adequacy of reserves that would otherwise be established in accordance with the requirements set forth in the NAIC Valuation Manual, such as the CRVM or CARVM as applicable, or

(ii) Any similar reserve.

(2) In determining whether a reserve is a life insurance reserve, the label placed on such reserve is not determinative, provided, however, any reserve or portion of a

reserve that would have been established pursuant to an asset adequacy analysis required by the NAIC's Valuation Manual 30 as it existed on December 22, 2017, the date of enactment of Public Law 115-97, is an asset adequacy reserve.

(c) Applicability date. The rules of this section apply to taxable years beginning after **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

Par. 10. Sections 1.807-3 and 1.807-4 are added before the undesignated center heading "Gain and Loss From Operations" to read as follows:

§ 1.807-3 Reporting of reserves.

(a) Reserve reporting. A life insurance company subject to tax under section 801 is required to make a return on Form 1120-L, U.S. Life Insurance Company Income Tax Return. The Internal Revenue Service may require reporting with respect to the opening balance and closing balance of items described in section 807(c) and with respect to the method of computing such items for purposes of determining income. Such reporting may provide for the manner in which separate account items are reported. (See section 6011 and § 301.6011-1 of this chapter.)

(b) Applicability date. The rules of this section apply to taxable years beginning after **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

§ 1.807-4 Adjustment for change in computing reserves.

(a) Requirement to follow administrative procedures. Under section 807(f), a change in basis of computing an item referred to in section 807(c) is a change in method of accounting. Accordingly, except as provided in § 1.446-1(e), a change in basis of computing an item referred to in section 807(c) is a change in method of accounting for purposes of § 1.446-1(e). Before computing such item under a new

basis, a life insurance company must obtain the consent of the Commissioner of Internal Revenue or his delegate (Commissioner) pursuant to administrative procedures prescribed by the Commissioner. Similarly, an insurance company other than a life insurance company (a nonlife insurance company) that changes its basis of computing life insurance reserves must obtain the consent of the Commissioner pursuant to administrative procedures prescribed by the Commissioner.

(b) Section 481 adjustment--(1) In general. If the basis of computing any item referred to in section 807(c) as of the close of any taxable year (the year of change) differs from the basis of computing such item at the close of the preceding taxable year, then the difference between the amount of the item at the close of the taxable year computed on the new basis and the amount of the item at the close of the taxable year computed on the old basis that is attributable to contracts issued before the taxable year, is taken into account under section 481 and §§ 1.481-1 through 1.481-5 as an adjustment attributable to a change in method of accounting.

(2) Loss of company status. If for any taxable year a taxpayer that was an insurance company for the year of change is no longer an insurance company, then the taxpayer must take into account in the preceding taxable year (that is, the last taxable year it was an insurance company) the balance of any section 481(a) adjustment determined under paragraph (b)(1) of this section. A taxpayer that was an insurance company for the year of change does not accelerate the balance of any section 481(a) adjustment determined under paragraph (b)(1) of this section merely because it changes from a life insurance company to a nonlife insurance company or because it changes from a nonlife insurance company to a life insurance company.

(c) Effect on determining increase or decrease in reserves--(1) Effect under section 807(a) and (b). If there is a change in basis of computing any item referred to in section 807(c) for a taxable year, then, for purposes of section 807(a) and (b), the closing balance for such item for the year of change with respect to contracts issued before the year of change is determined on the old basis and the opening balance for such item for the next taxable year for such contracts is computed on the new basis.

(2) Effect under section 832. The following rules apply for purposes of section 832(b)(4):

(i) For the year of change, life insurance reserves at the end of the year of change with respect to contracts issued before the year of change are determined on the old basis.

(ii) For the taxable year following the year of change, life insurance reserves at the end of the preceding taxable year (that is, the year of change) with respect to contracts issued before the year of change are determined on the new basis.

(d) Examples. The principles of paragraphs (a) through (c) of this section are illustrated by the following examples. For purposes of these examples and except as otherwise provided, IC is a life insurance company within the meaning of section 816(a) that issues life insurance and annuity contracts. IC is required to determine the amount of life insurance reserves under section 807(d) and to take net increases or decreases in the reserves into account in computing life insurance company taxable income. IC's reserve for each insurance contract at issue exceeds the net surrender value for such contract and does not exceed the statutory reserve for such contract. IC is on an accrual method and uses a calendar year as its taxable year.

(1) Example 1--(i) Facts. In 2021, IC changed the basis of computing the amount of life insurance reserves for a certain type of life insurance contract as described in section 807(f). Both the basis used for computing the reserves for the relevant contracts at the close of the 2020 taxable year (old basis) and the basis of computing the reserves for the relevant type of contract at the close of the 2021 taxable year (new basis) are consistent with the applicable Commissioners' Reserve Valuation Method. IC followed the administrative procedures prescribed by the Commissioner to obtain consent to change the basis of computing these reserves. IC determined that the life insurance reserves as of December 31, 2021, for the relevant contracts issued prior to 2021 were \$110x if computed using the old method and \$120x if computed using the new method. IC also determined that the life insurance reserves as of December 31, 2021, for the relevant contracts issued during 2021 were \$15x using the new basis.

(ii) Analysis. IC must take into account under section 481 and the administrative procedures prescribed by the Commissioner the \$10x difference between the reserves for the relevant contracts issued prior to 2021 computed under the old basis (\$110x) and the reserves for such contracts computed under the new basis (\$120x). For purposes of determining any net increase or net decrease in reserves in taxable year 2021 under section 807(a) or (b), IC's closing balance of life insurance reserves computed under section 807(d) with respect to the relevant contracts is \$110x for contracts issued prior to 2021 (computed on the old basis) and \$15x for contracts issued during 2021 (computed on the new basis). IC's opening balance in 2022 for life insurance reserves for the relevant contracts is \$135x (computed on the new basis).

(2) Example 2--(i) Facts. The facts are the same as in paragraph (d)(1) of this section (the facts in Example 1), except that IC is an insurance company that is not a life insurance company. IC is required to compute taxable income under section 832.

(ii) Analysis. IC must take into account under section 481 and the administrative procedures prescribed by the Commissioner the \$10x difference between the reserves for the relevant contracts issued prior to 2021 computed under the old basis (\$110x) and the reserves for such contracts computed under the new basis (\$120x). For purposes of determining the premiums earned on insurance contracts during the taxable year as described in section 832(b)(4) for the year of change, the life insurance reserves at the end of the taxable year are \$110x for contracts issued prior to 2021 (computed on the old basis) and \$15x for contracts issued during 2021 (computed on the new basis). For purposes of determining the premiums earned on insurance contracts during the taxable year as described in section 832(b)(4) for the taxable year following the year of change, the life insurance reserves at the end of the preceding taxable year (the year of change) with respect to relevant contracts are \$135x (computed on the new basis).

(e) Applicability date. The rules of this section apply to taxable years beginning after **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. However, a taxpayer may choose to apply the rules of this section for a taxable year beginning after December 31, 2017, the effective date of the revision of section 807 by Public Law 115-97, and on or before **[INSERT DATE OF PUBLICATION IN THE FEDERAL**

REGISTER], provided the taxpayer consistently applies the rules of this section to that taxable year and all subsequent taxable years. See section 7805(b)(7).

§ 1.809-2 [Removed and reserved]

Par. 11. Section 1.809-2 is removed and reserved.

§ 1.809-5 [Amended]

Par. 12. Section 1.809-5 is amended by removing the language “and § 1.810-3” from the last sentence of paragraph (a)(5)(iii).

§ 1.810-3 [Removed]

Par. 13. Section 1.810-3 is removed.

Par. 14. Section 1.816-1 is added before the undesignated center heading “Miscellaneous Provisions” to read as follows:

§ 1.816-1 Life insurance reserves.

(a) Definition of life insurance reserves. Except as provided in section 816(h), a reserve that meets the requirements of section 816(b)(1) and (2) will not be disqualified as a life insurance reserve solely because the method used to compute the reserve takes into account other factors, provided that the method used to compute the reserve is a tax reserve method as defined in section 807(d)(3) and that such reserve is not an asset adequacy reserve as described in § 1.807-1(b).

(b) Applicability date. The section applies to taxable years beginning after **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. However, a taxpayer may choose to apply the rules of this section for a taxable year beginning after December 31, 2017, the effective date of the revision of section 807 by Public Law 115-97, and on or before **[INSERT DATE OF PUBLICATION IN THE FEDERAL**

REGISTER], provided the taxpayer consistently applies the rules of this section to that taxable year and all subsequent taxable years. See section 7805(b)(7).

§ 1.817A-0 [Removed]

Par. 15. Section 1.817A-0 is removed.

Par. 16. Section 1.817A-1 is amended by:

1. Removing paragraphs (a)(5) and (6).
2. Revising paragraph (b).
3. Removing paragraph (c).
4. Redesignating paragraph (d) as paragraph (c).
5. Revising newly designated paragraph (c).

The revisions read as follows:

§ 1.817A-1 Certain modified guaranteed contracts.

* * * * *

(b) Waiver of section 811(d) for certain non-equity-indexed modified guaranteed contracts. Section 811(d) is waived during the temporary guarantee period when applied to non-equity-indexed MGCs.

(c) Applicability dates. Paragraph (b) of this section applies to taxable years beginning after **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. However, a taxpayer may choose to apply the rules of paragraph (b) of this section for a taxable year beginning after December 31, 2017, the effective date of the revision of section 807 by Public Law 115-97, and on or before **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, provided the taxpayer consistently applies the rules of paragraph (b) of this section to that taxable year and all subsequent taxable years. See

section 7805(b)(7). For taxable years beginning on or before **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, see paragraph (b) of this section as contained in 26 CFR part 1 revised as of April 1, 2020.

§ 1.818-2 [Amended]

Par. 17. Section 1.818-2 is amended by removing paragraph (c).

§ 1.818-4 [Removed and reserved]

Par. 18. Section 1.818-4 is removed and reserved.

§ 1.848-1 [Amended]

Par. 19. Section 1.848-1 is amended in paragraph (b)(2)(i) by removing the language “section 807(e)(4)” and adding the language “section 807(e)(3)” in its place.

Par. 20. Section 1.6012-2 is amended by:

1. Revising paragraph (c)(4).
2. Revising paragraph (l).

The revisions read as follows:

§ 1.6012-2 Corporations required to make returns of income.

* * * * *

(c) * * *

(4) Special rule for insurance companies filing their Federal income tax returns electronically. If an insurance company described in paragraph (c)(1), (2), or (3) of this section files its Federal income tax return electronically, it must include on or with such return its annual statement (or pro forma annual statement), or a portion thereof, as and to the extent required by forms or instructions. If the full annual statement is not required to be included with the return, such statement must be available at all times for

inspection by authorized Internal Revenue Service officers or employees and retained for so long as such statements may be material in the administration of any internal revenue law. See § 1.6001-1(e).

* * * * *

(l) Applicability date. Paragraph (c) of this section applies to any taxable year beginning after **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. For taxable years beginning on or before **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, see paragraph (c) of this section as contained in 26 CFR part 1 in effect on April 1, 2020.

PART 301—PROCEDURE AND ADMINISTRATION

Par. 21. The authority citation for part 301 continues to read in part as follows:

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

* * * * *

Par. 22. Section 301.9100-6T is amended by:

1. Adding a title to the table in paragraph (a)(1).
2. Removing from the table in paragraph (a)(1) the three entries for “211” and the entries for “216(c)(1),” “216(c)(2),” “217(i),” and “217(l)(2)(B).”
3. Removing and reserving paragraph (a)(2)(iii).
4. Removing paragraph (a)(3)(v).
5. In paragraph (a)(4):
 - i. Removing “211 (Code section 810(b)(3)), 216(c) (1) and (2), 217(l),” from the first sentence.
 - ii. Removing “211 (Code sections 806(d)(4), and 807(d)(4)(C)), 217(i),” from the

second sentence.

iii. Removing the last sentence.

The addition reads as follows:

§ 301.9100-6T Time and manner of making certain elections under the Deficit Reduction Act of 1984.

(a) * * *

(1) * * *

TABLE 1 TO PARAGRAPH (a)(1)

* * * * *

Sunita Lough,
Deputy Commissioner for Services and Enforcement.

Approved: September 1, 2020

David J. Kautter,
Assistant Secretary of the Treasury (Tax Policy).