

**DEPARTMENT OF THE TREASURY****Internal Revenue Service****26 CFR Parts 1, 20, and 25**

[REG-107845-08]

RIN 1545-BH67

**Use of Actuarial Tables in Valuing Annuities, Interests for Life or Terms of Years, and Remainder or Reversionary Interests****AGENCY:** Internal Revenue Service (IRS), Treasury.**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations.

**SUMMARY:** These proposed regulations relate to the use of actuarial tables in valuing annuities, interests for life or terms of years, and remainder or reversionary interests. These regulations will affect the valuation of inter vivos and testamentary transfers of interest dependent on one or more measuring lives. These regulations are necessary because section 7520(c)(3) directs the Secretary to update the actuarial tables to reflect the most recent mortality experience available. The text of the temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** also serves as the text of these proposed regulations.

**DATES:** Written and electronic comments and requests for a public hearing must be received by August 5, 2009.

**ADDRESSES:** Send submissions to CC:PA:LPD:PR (REG-107845-08), room 5205, Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to: CC:PA:LPD:PR (REG-107845-08), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC, or sent via the Federal eRulemaking Portal at <http://www.regulations.gov> (REG-107845-08).

**FOR FURTHER INFORMATION CONTACT:** Mayer R. Samuels, (202) 622-3090; concerning submissions of comments, [Richard.A.Hurst@irs.counsel.treas.gov](mailto:Richard.A.Hurst@irs.counsel.treas.gov), (202) 622-7180 (not toll-free numbers).

**SUPPLEMENTARY INFORMATION:****Background**

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend Income Tax Regulations (26 CFR part 1) under sections 642(c)(5) and 664, Estate Tax Regulations (26 CFR part 20) under section 2031, and Gift Tax Regulations (26 CFR part 25) under section 2512.

These regulations revise actuarial tables used for the valuation of partial interests in property under section 7520 to reflect the mortality experience based on the 2000 United States census, the most recent mortality experience available.

The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations.

**Special Analyses**

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because these regulations do not impose a collection of information requirement on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code this regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

**Comments and Requests for a Public Hearing**

Before these proposed regulations are adopted as final regulations, consideration will be given to any written (a signed original and eight (8) copies) or electronic comments that are submitted timely to the IRS. The IRS and the Treasury Department also request comments on the clarity of the proposed rules and how they can be made easier to understand. All comments will be available for public inspection and copying. A public hearing will be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the **Federal Register**.

**Drafting Information**

The principal author of these regulations is Mayer R. Samuels, Office of the Associate Chief Counsel (Passthroughs and Special Industries), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

**List of Subjects***26 CFR Part 1*

Income taxes, Reporting and recordkeeping requirements.

*26 CFR Part 20*

Estate taxes, Reporting and recordkeeping requirements.

*26 CFR Part 25*

Gift taxes, Reporting and recordkeeping requirements.

**Proposed Amendments to the Regulations**

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

**PART 1—INCOME TAXES**

**Paragraph 1.** The authority citation for part 1 continues to read in part as follows:

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

**Par. 2.** Section 1.170A-12 is amended as follows:

1. Paragraphs (b)(2) and (b)(3) are revised.

2. Paragraph (f) is added.

The revisions and addition read as follows:

**§ 1.170A-12 Valuation of a remainder interest in real property for contributions made after July 31, 1969.**

\* \* \* \* \*

(b) \* \* \*

(2) [The text of this proposed paragraph (b)(2) is the same as the text of § 1.170A-12T(b)(2) published elsewhere in this issue of the **Federal Register**].

(3) [The text of this proposed paragraph (b)(3) is the same as the text of § 1.170A-12T(b)(3) published elsewhere in this issue of the **Federal Register**].

\* \* \* \* \*

(f) [The text of this proposed paragraph (f) is the same as the text of § 1.170A-12T(f) published elsewhere in this issue of the **Federal Register**].

\* \* \* \* \*

**Par. 3.** Section 1.642(c)-6 is amended by revising paragraphs (d), (e) and (f) to read as follows:

**§ 1.642(c)-6 Valuation of a remainder interest in property transferred to a pooled income fund.**

\* \* \* \* \*

(d) [The text of this proposed paragraph (d) is the same as the text of § 1.642(c)-6T(d) published elsewhere in this issue of the **Federal Register**].

(e) [The text of this proposed paragraph (e) is the same as the text of § 1.642(c)-6T(e) published elsewhere in this issue of the **Federal Register**].

(f) [The text of this proposed paragraph (f) is the same as the text of § 1.642(c)-6T(f) published elsewhere in this issue of the **Federal Register**].

**Par. 4.** Section 1.664-4 is amended by revising paragraphs (a)(1), (d), (e)(1),

(e)(2), (e)(5), (e)(7), and (f) to read as follows:

**§ 1.664-4 Calculation of the fair market value of the remainder interest in a charitable remainder unitrust.**

(a) \* \* \*  
(1) [The text of this proposed paragraph (a)(1) is the same as the text of § 1.664-4T(a)(1) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(d) [The text of this proposed paragraph (d) is the same as the text of § 1.664-4T(d) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(e)(1) [The text of this proposed paragraph (e)(1) is the same as the text of § 1.664-4T(e)(1) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(e)(2) [The text of this proposed paragraph (e)(2) is the same as the text of § 1.664-4T(e)(2) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(e)(5) [The text of this proposed paragraph (e)(5) is the same as the text of § 1.664-4T(e)(5) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(e)(7) [The text of this proposed paragraph (e)(7) is the same as the text of § 1.664-4T(e)(7) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(f) [The text of this proposed paragraph (f) is the same as the text of § 1.664-4T(f) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

**Par. 5.** Section 1.7520-1 is amended by revising paragraphs (a)(1), (a)(2), (b)(2), (c)(1), (c)(2) and (d) to read as follows:

**§ 1.7520-1 Valuation of annuities, unitrust interest, interests for life or terms of years, and remainder or reversionary interests.**

(a)(1) [The text of this proposed paragraph (a)(1) is the same as the text of § 1.7520-1T(a)(1) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(2) [The text of this proposed paragraph (a)(2) is the same as the text of § 1.7520-1T(a)(2) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(b) \* \* \*  
(2) [The text of this proposed paragraph (b)(2) is the same as the text of § 1.7520-1T(b)(2) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(c) \* \* \*  
(1) [The text of this proposed paragraph (c)(1) is the same as the text of § 1.7520-1T(c)(1) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(2) [The text of this proposed paragraph (c)(2) is the same as the text

of § 1.7520-1T(c)(2) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(d) [The text of this proposed paragraph (d) is the same as the text of § 1.7520-1T(d) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

**PART 20—ESTATE TAX; ESTATES OF DECEDENTS DYING AFTER AUGUST 16, 1954**

**Par. 6.** The authority citation for part 20 continues to read in part as follows:

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

**Par. 7.** Section 20.2031-7 is amended by revising paragraphs (c), (d)(1), (d)(2), (d)(3), (d)(4), (d)(5), (d)(7), and (e) to read as follows:

**§ 20.2031-7 Valuation of annuities, interests for life or term of years, and remainder or reversionary interests.**

(c) [The text of this proposed paragraph (c) is the same as the text of § 20.2031-7T(c) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(d) [The text of this proposed paragraph (d)(1) through (d)(5) is the same as the text of § 20.2031-7T(d)(1) through (d)(5) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(7) [The text of this proposed paragraph (d)(7) is the same as the text of § 20.2031-7T(d)(7) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(e) [The text of this proposed paragraph (e) is the same as the text of § 20.2031-7T(e) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

**Par. 8.** Section 20.2032-1 is amended by revising paragraphs (f)(1) and (h) to read as follows:

**§ 20.2032-1 Alternate valuation.**

(f) \* \* \*  
(1) [The text of this proposed paragraph (f)(1) is the same as the text of § 20.2032-1T(f)(1) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(h) [The text of this proposed paragraph (h) is the same as the text of § 20.2032-1T(h) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

**Par. 9.** Section 20.2055-2 is amended by revising paragraphs (e)(3)(iii) and (f)(4) to read as follows:

**§ 20.2055-2 Transfers not exclusively for charitable purposes.**

(e) \* \* \*  
(3) \* \* \*

(iii) [The text of this proposed paragraph (e)(3)(iii) is the same as the text of § 20.2055-2T(e)(3)(iii) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(f) \* \* \*  
(4) [The text of this proposed paragraph (f)(4) is the same as the text of § 20.2055-2T(f)(4) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

**Par. 10.** Section 20.2056A-4 is amended by revising paragraph (c)(4)(ii)(B) and *Example 4* in paragraph (d) to read as follows:

**§ 20.2056A-4 Procedures for conforming marital trusts and nontrust marital transfers to the requirements of a qualified domestic trust.**

(c) \* \* \*  
(4) \* \* \*  
(ii) \* \* \*

(B) [The text of this proposed paragraph (c)(4)(ii)(B) is the same as the text of § 20.2056A-4T(c)(4)(ii)(B) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(d) \* \* \*

*Example 4.* [The text of this proposed paragraph (d), *Example 4* is the same as the text of *Example 4* in § 20.2056A-4T(d) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

**Par. 11.** Section 20.7520-1 is amended by revising paragraphs (a)(1), (a)(2), (b)(2), (c)(1), (c)(2) and (d) to read as follows:

**§ 20.7520-1 Valuation of annuities, unitrust interests, interests for life or term of years, and remainder or reversionary interests.**

(a) \* \* \* (1) [The text of this proposed paragraph (a)(1) is the same as the text of § 20.7520-1T(a)(1) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(2) [The text of this proposed paragraph (a)(2) is the same as the text of § 20.7520-1T(a)(2) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(3) \* \* \*  
(b) \* \* \*  
(2) [The text of this proposed paragraph (b)(2) is the same as the text of § 20.7520-1T(b)(2) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(c) \* \* \*  
(1) [The text of this proposed paragraph (c)(1) is the same as the text of § 20.7520-1T(c)(1) published elsewhere in this issue of the **Federal Register**.  
\* \* \* \* \*

(2) [The text of this proposed paragraph (c)(2) is the same as the text of § 20.7520-1T(c)(2) published elsewhere in this issue of the **Federal Register**].

(d) [The text of this proposed paragraph (d) is the same as the text of § 20.7520-1T(d) published elsewhere in this issue of the **Federal Register**].

**PART 25—GIFT TAX; GIFTS MADE AFTER DECEMBER 31, 1954**

**Par. 12.** The authority citation for part 25 continues to read in part as follows:

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

**Par. 13.** Section 25.2512-5 is amended by revising paragraphs (c), (d) and (e) to read as follows:

**§ 25.2512-5 Valuation of annuities, unitrust interest, interests for life or term of years, and remainder or reversionary interests.**

\* \* \* \* \*

(c) [The text of this proposed paragraph (c) is the same as the text of § 25.2512-5T(c) published elsewhere in this issue of the **Federal Register**].

(d) [The text of this proposed paragraph (d) is the same as the text of § 25.2512-5T(d) published elsewhere in this issue of the **Federal Register**].

(e) [The text of this proposed paragraph (e) is the same as the text of § 25.2512-5T(e) published elsewhere in this issue of the **Federal Register**].

**Par. 14.** Section 25.2522(c)-3 is amended by revising paragraph (e) to read as follows:

**§ 25.2522(c)-3 Transfers not exclusively for charitable, etc., purposes in the case of gifts made after July 31, 1969.**

\* \* \* \* \*

(e) [The text of this proposed paragraph (e) is the same as the text of § 25.2522(c)-3T(e) published elsewhere in this issue of the **Federal Register**].

**Par. 15.** Section 25.7520-1 is amended by revising paragraphs (a)(1), (a)(2), (b)(2), (c)(1), (c)(2) and (d) to read as follows:

**§ 25.7520-1 Valuation of annuities, unitrust interests, interests for life or term of years, and remainder or reversionary interests.**

(a) \* \* \* (1) [The text of this proposed paragraph (a)(1) is the same as the text of § 25.7520-1T(a)(1) published elsewhere in this issue of the **Federal Register**].

(2) [The text of this proposed paragraph (a)(2) is the same as the text of § 25.7520-1T(a)(2) published elsewhere in this issue of the **Federal Register**].

(3) \* \* \*

(b) \* \* \* (2) [The text of this proposed paragraph (b)(2) is the same as the text of § 25.7520-1T(b)(2) published elsewhere in this issue of the **Federal Register**].

(c) \* \* \* (1) [The text of this proposed paragraph (c)(1) is the same as the text of § 25.7520-1T(c)(1) published elsewhere in this issue of the **Federal Register**].

(2) [The text of this proposed paragraph (c)(2) is the same as the text of § 25.7520-1T(c)(2) published

elsewhere in this issue of the **Federal Register**].

(d) [The text of this proposed paragraph (d) is the same as the text of § 25.7520-1T(d) published elsewhere in this issue of the **Federal Register**].

**Par. 16.** Section 25.7520-3 is amended as follows:

1. In paragraph (b)(2)(v), *Example 5* is revised.

2. Paragraph (b)(4) is revised.

3. Paragraph (c) is revised.

The revised text reads as follows:

**§ 25.7520-3 Limitation on the application of section 7520.**

\* \* \* \* \*

(b) \* \* \*

(2) \* \* \*

(v) \* \* \*

*Example 5.* [The text of this proposed paragraph (b)(2)(v), *Example 5* is the same as the text of § 25.7520-3T(b)(2)(v), *Example 5*, published elsewhere in this issue of the **Federal Register**].

\* \* \* \* \*

(b)(4) [The text of this proposed paragraph (b)(4) is the same as the text of § 25.7520-3T(b)(4) published elsewhere in this issue of the **Federal Register**].

\* \* \* \* \*

(c) [The text of this proposed paragraph (c) is the same as the text of § 25.7520-3T(c) published elsewhere in this issue of the **Federal Register**].

**Linda E. Stiff,**

*Deputy Commissioner for Services and Enforcement.*

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