

INTERNAL REVENUE BULLETIN



HIGHLIGHTS OF THIS ISSUE

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.

EMPLOYEE PLANS

Notice 2025-39, page 308.

This notice sets forth updates on the corporate bond monthly yield curve, the corresponding spot segment rates for June 2025 used under § 417(e)(3)(D), the 24-month average segment rates applicable for July 2025, and the 30-year Treasury rates, as reflected by the application of § 430(h)(2)(C)(iv).

Rev. Rul. 2025-15, page 302.

The revenue ruling provides guidance on withholding and reporting issues relating to uncashed qualified retirement plan distribution checks and replacement checks. The revenue ruling answers whether an adjustment or refund is available for amounts withheld and remitted with respect to an initial check that is not cashed and also provides guidance on the federal income tax withholding requirements for a replacement check. The revenue ruling also describes the reporting obligations that apply to these checks.

ESTATE TAX

REG-107459-24, page 313.

These regulations amend the current regulations to reduce the amount of the user fee for authorized persons who wish to request the issuance of IRS Letter 627, also referred to as an estate tax closing letter. Pursuant to the guidelines in OMB Circular A-25, the IRS has calculated its cost of providing the estate tax closing letter to be \$56. REG-107459-24.

T.D. 10031, page 304.

This guidance contains an interim final rule relating to the imposition of a user fee on authorized persons requesting the issuance of IRS Letter 627, also referred to as

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an estate tax closing letter. Pursuant to the guidelines in OMB Circular A-25, the IRS has calculated its cost of providing the estate tax closing letter to be \$56. REG-107459-24.

EXEMPT ORGANIZATIONS

Announcement 2025-21, page 312.

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

EXEMPT ORGANIZATIONS

Rev. Proc. 2025-25, page 311.

This revenue procedure provides indexing adjustments to the applicable percentage table (Applicable Percentage Table) in § 36B(b)(3)(A)(i) of the Internal Revenue Code for taxable years beginning in calendar year 2026. This table is used to calculate an individual's premium tax credit under § 36B. This revenue procedure also provides the indexing adjustment for the required contribution percentage in § 36B(c)(2)(C)(i)(II) for plan years beginning in calendar year 2026. This percentage is used to determine whether an individual is eligible for affordable employer-sponsored minimum essential coverage under § 36B.

Rev. Rul. 2025-14, page 300.

Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term tax exempt rate. For purposes of sections 382, 1274, 1288, 7872 and other sections of the Code, tables set forth the rates for August 2025.

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

Section 1274.— Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also Sections 42, 280G, 382, 467, 468, 482, 483, 1288, 7520, 7872.)

Rev. Rul. 2025-14

This revenue ruling provides various prescribed rates for federal income tax

purposes for August 2025 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropri-

ate percentages for determining the low-income housing credit described in section 42(b)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 2025-14 TABLE 1
Applicable Federal Rates (AFR) for August 2025
Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
		<i>Short-term</i>		
AFR	4.03%	3.99%	3.97%	3.96%
110% AFR	4.44%	4.39%	4.37%	4.35%
120% AFR	4.85%	4.79%	4.76%	4.74%
130% AFR	5.26%	5.19%	5.16%	5.13%
		<i>Mid-term</i>		
AFR	4.06%	4.02%	4.00%	3.99%
110% AFR	4.47%	4.42%	4.40%	4.38%
120% AFR	4.88%	4.82%	4.79%	4.77%
130% AFR	5.30%	5.23%	5.20%	5.17%
150% AFR	6.12%	6.03%	5.99%	5.96%
175% AFR	7.16%	7.04%	6.98%	6.94%
		<i>Long-term</i>		
AFR	4.82%	4.76%	4.73%	4.71%
110% AFR	5.31%	5.24%	5.21%	5.18%
120% AFR	5.79%	5.71%	5.67%	5.64%
130% AFR	6.29%	6.19%	6.14%	6.11%

REV. RUL. 2025-14 TABLE 2
Adjusted AFR for August 2025
Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	3.05%	3.03%	3.02%	3.01%
Mid-term adjusted AFR	3.07%	3.05%	3.04%	3.03%
Long-term adjusted AFR	3.64%	3.61%	3.59%	3.58%

REV. RUL. 2025-14 TABLE 3

Rates Under Section 382 for August 2025

Adjusted federal long-term rate for the current month	3.64%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	3.71%

REV. RUL. 2025-14 TABLE 4

Appropriate Percentages Under Section 42(b)(1) for August 2025

Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	8.03%
Appropriate percentage for the 30% present value low-income housing credit	3.44%

REV. RUL. 2025-14 TABLE 5

Rate Under Section 7520 for August 2025

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	4.80%
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Section 42.—Low-Income Housing Credit

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2025. See Rev. Rul. 2025-14, page 300.

Section 467.—Certain Payments for the Use of Property or Services

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2025. See Rev. Rul. 2025-14, page 300.

Section 483.—Interest on Certain Deferred Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2025. See Rev. Rul. 2025-14, page 300.

Section 280G.—Golden Parachute Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2025. See Rev. Rul. 2025-14, page 300.

Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The applicable federal short-term rates are set forth for the month of August 2025. See Rev. Rul. 2025-14, page 300.

Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2025. See Rev. Rul. 2025-14, page 300.

Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of August 2025. See Rev. Rul. 2025-14, page 300.

Section 482.—Allocation of Income and Deductions Among Taxpayers

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2025. See Rev. Rul. 2025-14, page 300.

Section 7520.—Valuation Tables

The applicable federal mid-term rates are set forth for the month of August 2025. See Rev. Rul. 2025-14, page 300.

Section 7872.—Treatment of Loans With Below-Market Interest Rates

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of August 2025. See Rev. Rul. 2025-14, page 300.

Section 6047. — Information Relating to Certain Trusts and Annuity Plans

(Also: §§ 3405, 6413, 6414)

Rev. Rul. 2025-15

ISSUES

(1) Under the facts presented (in which a retirement plan distribution check, defined in the facts presented as Check 1, was not cashed), is an adjustment or refund available under sections 6413 and 6414 of the Internal Revenue Code for amounts withheld and remitted with respect to Check 1?

(2) Under the facts presented (in which a subsequent retirement plan distribution check, defined in the facts presented as Check 2, was mailed), what federal income tax withholding obligations apply under section 3405 with respect to Check 2?

(3) Under the facts presented, what reporting obligations apply under section 6047(d) with respect to Check 1?

(4) Under the facts presented, what reporting obligations apply under section 6047(d) with respect to Check 2?

FACTS

Employer M is the plan administrator of Plan X, a qualified retirement plan under section 401(a) that does not include designated Roth accounts under section 402A, hold employer securities, or provide benefits described in section 104 (compensation for injuries or sickness) or section 105 (amounts received under accident and health plans). Individual C, a U.S. person under section 7701(a)(30) (A) with a calendar year taxable year, has an accrued benefit in Plan X with a value of \$800, has not made a withholding election under section 3405 with respect to the accrued benefit, and has no investment in the contract within the meaning of section 72 with respect to the accrued benefit. In 2024, Employer M made a des-

ignated distribution within the meaning of section 3405(e)(1) of Individual C's \$800 accrued benefit by withholding federal income tax in the amount required under section 3405 (and, thus, reducing the accrued benefit by the withheld amount), remitting that amount to the Department of the Treasury (Treasury Department), and mailing a check for the remainder (Check 1) to Individual C at Individual C's address on file. After the designated distribution was made, Individual C did not earn any additional accrued benefit under Plan X on account of compensation from or service for Employer M. Check 1 was not cashed within six months after the date on the check, and Employer M cancelled the check.¹ Subsequently, Employer M mailed a second check (Check 2) in the amount of Individual C's accrued benefit at the time of issuance of Check 2 (net of applicable withholding, if any, required under section 3405) to Individual C.

LAW AND ANALYSIS

(1) Withholding

(A) In general

Section 3405 provides federal income tax withholding rules with respect to designated distributions as defined under section 3405(e)(1). With respect to specified plans, including a plan described in section 401(a), section 3405(d)(2) provides that the plan administrator shall withhold and be liable for payment of the tax required to be withheld under section 3405 unless the plan administrator directs the payor to withhold the tax and provides the payor with such information as the Secretary may require by regulations.

(B) Issuance of Check 1

(i) Possibility of adjustments for income tax withheld with respect to a designated distribution

Section 6413(a)(1) provides that, if more than the correct amount of tax

imposed by section 3402² is paid with respect to any payment of remuneration, proper adjustments,³ with respect to both the tax and the amount to be deducted, shall be made, without interest, in such manner and at such times as the Secretary may prescribe by regulations.⁴ Treas. Reg. § 31.6413(b)-1 refers to § 31.6413(a)-2 for provisions related to adjustment of overpayment of tax imposed by section 3402. Pursuant to § 31.6413(a)-2(c), an adjustment is available under section 6413(a)(1) only to the extent that more than the amount required was deducted and withheld by the employer or withholding agent and the employee was reimbursed within the same calendar year in accordance with § 31.6413(a)-1(b)(1)(i), or there was an overpayment of tax attributable to an administrative error, that is, an error involving the inaccurate reporting of the amount withheld.

Under the facts presented, Employer M made a designated distribution within the meaning of section 3405(e)(1) with respect to Individual C's accrued benefit by withholding federal income tax in the amount required under section 3405, remitting that amount to the Treasury Department, and mailing Check 1 to Individual C. The amount deducted and withheld by Employer M from the designated distribution was the amount required by section 3405, and that amount was remitted to the Treasury Department. Accordingly, because more than the correct amount of tax was not withheld or paid, Employer M is not entitled to an adjustment under section 6413(a)(1).

(ii) Possibility for refund of income tax withheld with respect to a designated distribution

Section 6413(b) provides that, if more than the correct amount of tax imposed by section 3402 is paid or deducted with respect to any payment of remuneration and the overpayment cannot be adjusted under section 6413(a), a refund may be available in such manner and at such times as the Secretary may prescribe by

¹The results under this revenue ruling would be the same if the drawee was no longer obligated to make a payment with respect to Check 1 for any other reason.

²Section 3405(f)(1) provides that any designated distribution is treated as if it were wages paid by an employer to an employee with respect to which there has been withholding under section 3402.

³Proper adjustment of an overpayment of income tax withholding may involve offsetting future withholding obligations. See §§ 31.6413(a)-1(b) and 31.6413(a)-2(c).

⁴Section 6413(a)(1) also applies with respect to sections 3101, 3111, 3201, and 3221, which relate to the Federal Insurance Contributions Act and the Railroad Retirement Tax Act.

regulations.⁵ In part, § 31.6413(b)-1 refers to § 31.6414-1 for provisions related to refunds of tax imposed by section 3402. Pursuant to § 31.6414-1(a)(1), the refund authority under section 6413(b) applies only to the extent that the amount paid to the Treasury Department was in excess of the amount deducted and withheld by the employer or withholding agent.

Similar to section 6413(b), section 6414 provides that, in certain circumstances involving income tax withholding, a refund or credit to the employer or to the withholding agent may be available. Pursuant to section 6414 and § 31.6414-1(a)(1), the refund or credit authority under section 6414 applies only to the extent that the amount paid to the Treasury Department was in excess of the amount deducted and withheld by the employer or withholding agent.

Under the facts presented, Employer M made a designated distribution within the meaning of section 3405(e)(1) with respect to Individual C's accrued benefit by withholding federal income tax as required under section 3405, remitting that amount to the Treasury Department, and mailing Check 1. Accordingly, because the amount deducted and withheld by Employer M from the designated distribution was the same amount paid by Employer M to the Treasury Department, Employer M is not entitled to a refund under section 6413(b) or 6414.

(C) Issuance of Check 2

Under the facts presented, Employer M mailed a second check, Check 2, to Individual C. If the amount of Individual C's accrued benefit under Plan X at the time of the issuance of Check 2 is less than or equal to the amount of Check 1, no federal income tax withholding is required in connection with the issuance of Check 2

because Employer M withheld the amount required under section 3405 from Individual C's accrued benefit under Plan X in connection with the issuance of Check 1. If the amount of Individual C's accrued benefit under Plan X at the time of the issuance of Check 2 is greater than the amount of Check 1 (for example, because of earnings), the excess amount is a separate designated distribution subject to withholding at the time of the issuance of Check 2.⁶

(2) Reporting

(A) In General

Section 6047(d) provides that the Secretary of the Treasury shall, by forms or regulations, require the employer maintaining a plan from which designated distributions (as defined in section 3405(e)(1)) may be made, or the plan administrator of that plan, to make returns and reports regarding the plan. However, pursuant to section 6047(d)(1), no such return or report may be required with respect to distributions to any person during any year unless the distributions aggregate \$10 or more.

Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*, is used to satisfy the reporting obligations under section 6047(d). Under the 2024 instructions to Form 1099-R, a Form 1099-R must be filed for each person to whom a designated distribution of \$10 or more has been made, and the total amount of the distribution (before federal income tax or other withholding) must be reported in Box 1 of that form. In addition, under those instructions, the taxable amount must be reported in Box 2a unless the plan administrator is unable to reasonably obtain the data needed to compute the

taxable amount, and the federal income tax withheld must be reported in Box 4 of the Form 1099-R.

(B) Issuance of Check 1

With respect to the distribution of Individual C's accrued benefit at the time of issuance of Check 1, Employer M must report the designated distribution (\$800) in Box 1 of Form 1099-R for 2024.⁷ In addition, because Individual C has no investment in the contract within the meaning of section 72 and no exception to income inclusion under section 402(a) applies, Employer M must report the same amount (\$800) in Box 2a and must report the federal income tax withheld in Box 4.

(C) Issuance of Check 2

With respect to the distribution of Individual C's accrued benefit at the time of issuance of Check 2, if the amount of Individual C's accrued benefit under Plan X at the time of the issuance of Check 2 is less than or equal to the amount of Check 1, Employer M is not required to report the distribution on Form 1099-R. If the amount of Individual C's accrued benefit under Plan X at the time of the issuance of Check 2 is greater than the amount of Check 1, Employer M generally⁸ must report the excess amount in Box 1 and Box 2a on Form 1099-R for the year of the distribution and report any federal income tax withheld in Box 4 on that Form 1099-R.

HOLDINGS⁹

(1) No adjustment or refund is available under sections 6413 and 6414 with respect to the amounts withheld and remitted with respect to Check 1.

⁵ Section 6413(b) also applies with respect to sections 3101, 3111, 3201, and 3221.

⁶ Under certain circumstances, federal income tax withholding with respect to a designated distribution is not required. For example, under § 31.3405(c)-1, Q&A-14, no withholding is required if the amount of an eligible rollover distribution (as defined in section 402(f)(2)(A)) is less than \$200 (subject to rules with respect to aggregating distributions within one taxable year).

⁷ This reporting requirement applies without regard to whether the check is returned as undeliverable or remains uncashed for any other reason.

⁸ See section 6047(d)(1) (regarding \$10 reporting threshold).

⁹ Revenue rulings represent the conclusions of the Internal Revenue Service on the application of the specific provisions of law addressed in the revenue ruling to the pivotal facts stated in the ruling. Accordingly, for example, this revenue ruling does not address: (1) the appropriateness of mailing a check to an address on file that the plan administrator has reason to believe is incorrect; (2) a situation in which a second check is issued by any person other than the issuer of Check 1, including, for example, the Pension Benefit Guaranty Corporation (PBGC) following a transfer of an amount to the PBGC's Missing Participants Program (29 CFR Part 4050), or issued to anyone other than Individual C (for example, to the surviving spouse of Individual C); (3) any aspect of the PBGC's Missing Participants Program; or (4) issues under title I of the Employee Retirement Income Security Act of 1974, Pub. L. 93-406, 88 Stat. 829, as amended. With respect to item (3), PBGC has informed the Treasury Department and the Internal Revenue Service that PBGC is considering possible modifications to its Missing Participants Program regarding the treatment of prior tax withholding in connection with the transfer of benefits to the program.

(2) If the amount of Individual C's accrued benefit under Plan X at the time of the issuance of Check 2 is less than or equal to the amount of Check 1, no federal income tax withholding obligations apply with respect to Check 2. If the amount of Individual C's accrued benefit at the time of issuance of Check 2 is greater than the amount of Check 1, the excess amount is subject to withholding in accordance with section 3405.

(3) With respect to Check 1, Employer M must report, on Form 1099-R for 2024, the designated distribution (\$800) in Boxes 1 and 2a and the federal income tax withheld in Box 4.

(4) If the amount of Individual C's accrued benefit under Plan X at the time of the issuance of Check 2 is less than or equal to the amount of Check 1, no reporting obligations apply with respect to Check 2. If the amount of Individual C's accrued benefit at the time of issuance of Check 2 is at least \$10 greater than the amount of Check 1, the excess amount is subject to reporting in accordance with section 6047(d).

DRAFTING INFORMATION

The principal author of this revenue ruling is Christina Cerasale of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). Ms. Cerasale may be reached at (202) 317-4102 (not a toll-free number).

CFR part 300

TD 10031

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 300

Estate Tax Closing Letter User Fee Update

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Interim final rule.

SUMMARY: This document contains interim final regulations relating to the imposition of a user fee on authorized persons requesting the issuance of IRS Letter 627, also referred to as an estate tax closing letter. These regulations reduce the amount of the user fee imposed on a request for the issuance of an estate tax closing letter. The Independent Offices Appropriations Act of 1952 authorizes the charging of user fees. The text of the interim final regulations also serves as the text of the proposed regulations set forth in the notice of proposed rulemaking on this subject in the Proposed Rules section of this edition of the *Federal Register*.

DATES: *Effective date:* These regulations are effective on May 20, 2025.

Applicability date: For date of applicability, see §300.12(d).

FOR FURTHER INFORMATION

CONTACT: Concerning the interim final regulations, Juli Ro Kim at (202) 317-6859; concerning cost methodology, Maria E. Arias-Buchanan at (202) 803-9569 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Authority

This document contains interim final amendments to 26 CFR part 300 regarding user fees for authorized persons who request the issuance of an estate tax closing letter (IRS Letter 627).

The Independent Offices Appropriations Act of 1952 (IOAA) (31 U.S.C. 9701) authorizes each agency to prescribe regulations that establish user fees for services provided by the agency. The IOAA provides that regulations implementing user fees are subject to policies prescribed by the President; these policies are set forth in the Office of Management and Budget Circular A-25, 58 FR 38142 (July 15, 1993) (OMB Circular A-25).

The IOAA states that the services provided by an agency should be self-sustaining to the extent possible. Under OMB Circular A-25, agencies that provide services that confer special benefits on identi-

fiable recipients beyond those accruing to the general public must identify those services, determine whether user fees should be assessed for those services, and, if so, establish user fees that recover the full cost of providing those services, unless an exception to the full cost requirement is granted. As required by the IOAA and OMB Circular A-25, agencies are to review user fees biennially and update them as necessary to reflect changes in the cost of providing the underlying services.

Background and Explanation of Provisions

A. Estate Tax Closing Letter User Fee

On September 28, 2021, the Department of the Treasury (Treasury Department) and the IRS published final regulations (TD 9957) in the *Federal Register* (86 FR 53539) establishing a \$67 user fee to apply to requests for the issuance of an estate tax closing letter, based on a 2019 Cost Model. As explained in the *Background* section of the preamble of TD 9957, the issuance of an estate tax closing letter constitutes the provision of a service and confers special benefits to authorized persons requesting such letters beyond those accruing to the general public. Therefore, the IRS is authorized, pursuant to the IOAA and OMB Circular A-25, to charge a user fee for the issuance of an estate tax closing letter that reflects the full cost of providing this service. See also section 6103(p)(2)(B) (allowing for a reasonable fee for furnishing return information to any person).

In 2021, the IRS conducted a biennial review of the estate tax closing letter user fee and issued a new Cost Model that resulted in no change to the \$67 user fee.

In 2023, the IRS conducted a biennial review of the estate tax closing letter user fee and issued a new Cost Model, which determined that the full cost of issuing estate tax closing letters to authorized persons is \$56.

B. Calculation of User Fees Generally

The IRS follows generally accepted accounting principles (GAAP) in calculating the full cost of providing services.

The Federal Accounting Standards Advisory Board (FASAB) is the body that establishes GAAP that apply for Federal reporting entities, such as the IRS. FASAB publishes the FASAB Handbook of Accounting Standards and Other Pronouncements, as amended, available at <https://fasab.gov/accounting-standards/>. The FASAB Handbook includes the Statement of Federal Financial Accounting Standards 4: Managerial Cost Accounting Standards and Concepts (SFFAS No. 4) for the Federal government. SFFAS No. 4 establishes internal costing standards under GAAP to accurately measure and manage the full cost of Federal programs. The methodology described below is in accordance with SFFAS No. 4.

1. Cost Center Allocation

The IRS determines the cost of its services and the activities involved in producing them through a cost accounting system that tracks costs to organizational units. The lowest organizational unit in the IRS's cost accounting system is a cost center. Cost centers usually are separate offices distinguished by subject-matter area of responsibility or geographic region. All costs of operating a cost center are recorded in the IRS's cost accounting system and allocated to that cost center. These costs include the direct costs for the cost center's activities and all indirect costs, including overhead, associated with that cost center. Each cost is recorded in only one cost center.

2. Cost Estimation of Direct Labor and Benefits

Not all cost centers are fully devoted to only one service for which the IRS charges a user fee. When cost centers include multiple services, the IRS measures the time required to accomplish activities associated with each service to

estimate the average time spent on the service in the related cost center. The average time devoted is multiplied by the relevant organizational unit's average labor and benefits cost per unit of time to determine the direct labor and benefits cost incurred to provide the service. To determine the full cost, the IRS then adds an appropriate overhead charge.

3. Calculating Overhead

Overhead is an indirect cost of operating an organization that cannot be immediately associated with an activity that the organization performs. Overhead includes costs of resources that are jointly or commonly consumed by one or more organizational unit's activities but are not specifically identifiable to a single activity, such as the following:

- General management and administrative services of sustaining and supporting organizations
- Facilities management and ground maintenance services (security, rent, utilities, and building maintenance)
- Procurement and contracting services
- Financial management and accounting services
- Information technology services
- Services to acquire and operate property, plants, and equipment
- Publication, reproduction, and graphics and video services
- Research, analytical, and statistical services
- Human resources/personnel services
- Library and legal services

To calculate the overhead allocable to a service, the IRS multiplies the current overhead rate by the direct labor and benefits costs of the service. The overhead rate is the ratio of the IRS's indirect labor, benefits, and non-labor costs of business divisions that do not interact with taxpayers to the direct labor and benefits costs of business divisions that interact with taxpay-

ers. The IRS calculates the overhead rate annually based on cost elements underlying the Statement of Net Cost included in the IRS Annual Financial Statements, which are audited by the Government Accountability Office.

For this estate tax closing letter user fee review, the fiscal year (FY) 2023 overhead rate, based on FY 2022 costs, of 62.50 percent was used.

C. Full Cost Determination for the Estate Tax Closing Letter User Fee

The IRS followed the guidance provided by the OMB Circular A-25 guidance to compute the full cost of issuing estate tax closing letters to authorized persons. OMB Circular A-25 explains that the full cost includes all indirect and direct costs to any part of the Federal Government including but not limited to, direct and indirect personnel costs, physical overhead, rents, utilities, travel, and management costs.

1. Request Processing Costs

Requests for estate tax closing letters are processed by employees at grades 5, 8, and 11 of the general schedule (GS-5, GS-8, and GS-11). Approximately 0.65 staff hours are required to review the return, create the estate tax closing letters, and prepare the letters for mailing. The IRS received an average of 8,894 annual requests for estate tax closing letters in FY 2021 and FY 2022, requiring 5,781 staff hours.

Total hours allocated to the cost also must include indirect hours for campus employees, which are calculated by multiplying the number of direct hours by the applicable 60 percent indirect employee rate. Using this information, IRS determined that the total staff hours for processing requests for estate tax closing letters are 9,250 annually.

Direct Staff Hours	5,781
Indirect Hours (60%)	+ 3,469
Total Hours	9,250

To determine the labor and benefits costs, the IRS divided the 9,250 total hours by 2,080 (the total annual hours worked by a full-time employee (FTE))

to convert the hours to a 4.45 FTE equivalent. The processing of requests for estate tax closing letters is performed primarily (87.7 percent) by employees at

the GS-5 level, but also by employees at the GS-8 level (1.7 percent) and GS-11 level (10.6 percent). The average salary and benefit cost for each of those levels

was multiplied by that grade’s percentage of processing time to arrive at a \$67,355 total cost per FTE. Multiplying the cost per FTE by the 4.45 FTE equivalent resulted in a total labor and benefits cost of \$299,730, as follows:

Total Cost Per FTE	\$67,355
Total FTE	× 4.45
Processing Labor & Benefits	\$299,730

2. *Quality Assurance Review Costs*

Outgoing estate tax closing letters are reviewed by quality assurance professionals at the following Internal Revenue (IR) paybands of the IRS Payband System: IR-10 (87.7 percent) and IR-06 (12.3 percent). Three out of every 100 estate

tax closing letters mailed are reviewed to verify (1) the estate tax closing letter was authorized, (2) the information included in the letter was accurate, and (3) the address was correct. The 8,894 average number of requests for FY 2021 and FY 2022 resulted in 266 letters reviewed. On average, quality assurance profession-

als spend 0.5 hours reviewing one estate tax closing letter, totaling 133 direct staff hours. The direct staff hours were multiplied by the 60 percent indirect employee rate for campus employees, resulting in a combined total of 213 annual staff hours allocated for quality assurance (QA) reviews, as follows:

Direct Staff Hours	133
Indirect Hours (60%)	+ 80
Total Hours	213

QA reviews are processed by employees at various IR levels. Dividing the total hours by 2,080 (the total annual hours for each FTE), resulted in 0.10 FTEs. The

average salary and benefits for both IR paybands conducting quality assurance reviews was multiplied by that IR payband’s percentage of processing time to

arrive at the \$95,460 total cost per FTE. The total cost per FTE was then multiplied by the total FTE to determine the labor and benefits cost for QA reviews, as follows:

Total Cost per FTE	\$95,460
Total FTE	× 0.1
Quality Assurance Labor & Benefits	\$9,546

3. *Full Cost Per Request Calculation*

The IRS applied the 62.5 percent over-

head rate to the total labor and benefits cost to calculate the full cost of the estate tax closing letter program.

Processing Labor & Benefits	\$299,730
Quality Assurance Labor & Benefits	+ \$9,546
Total Labor and Benefits	\$309,276
Overhead (62.50%)	+ \$193,297
Full Cost	\$502,573

The \$56 cost per request was determined by dividing the full cost by the

average annual volume of requests, as follows:

Full Cost	\$502,573
Estimated Annual Request Volume	÷ 8,894
Cost Per Request	\$56

Special Analyses

I. *Regulatory Planning and Review*

The OMB’s Office of Information and Regulatory Analysis has determined that these regulations are not significant and subject to review under section 6(b) of Executive Order 12866.

II. *Regulatory Flexibility Act*

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that these interim final regulations will not have a significant economic impact on a substantial number of small entities. These regulations, which reduce the amount of a fee to obtain a particular

service, affect decedents’ estates, which generally are not *small entities* as defined under 5 U.S.C. 601(6). Thus, these regulations have no economic impact on small entities. In addition, the interim final regulations will establish a \$56 fee, which is a reduction from the previously established fee and is not substantial enough to have a significant economic impact on any enti-

ties that could be affected by establishing such a fee. Accordingly, the Secretary certifies that the rule will not have a significant economic impact on a substantial number of small entities.

III. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of \$100 million in 1995 dollars, updated annually for inflation. This rule does not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

IV. Executive Order 13132: Federalism

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. These proposed regulations do not have federalism implications and do not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

V. Good Cause

The user fee for the estate tax closing letter applies to all individuals who make a request and pay for the estate tax

closing letter on <https://www.pay.gov>. It would be unnecessary and contrary to the public interest for the IRS to continue to charge the current, higher user fee during the period provided for public comment on the proposal to reduce that fee. To enable the reduced fee amount to be in effect immediately for authorized persons requesting an estate tax closing letter, the Treasury Department and the IRS find that there is good cause to dispense with (1) notice and public comment pursuant to 5 U.S.C. 553(b) and (c) and (2) a delayed effective date pursuant to 5 U.S.C. 553(d). The Treasury Department and the IRS will consider public comments submitted in response to the cross-referenced notice of proposed rulemaking published in the Proposed Rules section of this issue of the ***Federal Register*** and will promulgate a final rule after considering those comments.

VI. Submission to Small Business Administration

Pursuant to section 7805(f) of the Internal Revenue Code, this regulation has been submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on its impact on small business.

VII. Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 et seq.), the Office of Information and Regulatory Affairs designated this rule as not a major rule, as defined by 5 U.S.C. 804(2).

Drafting Information

The principal author of these regulations is Juli Ro Kim of the Office of the Associate Chief Counsel (Passthroughs,

Trusts, and Estates). Other personnel from the Treasury Department and the IRS participated in the development of the regulations.

List of Subjects in 26 CFR Part 300

Estate taxes, Reporting and record-keeping requirements.

Amendments to the Regulations

Accordingly, 26 CFR part 300 is amended as follows:

PART 300—USER FEES

Paragraph 1. The authority citation for part 300 continues to read in part as follows:

Authority: 31 U.S.C. 9701.

Par. 2. Section 300.12 is amended by revising paragraphs (b) and (d) to read as follows:

§300.12 Fee for estate tax closing letter.

* * * * *

(b) *Fee.* The fee for issuing an estate tax closing letter is \$56.

* * * * *

(d) *Applicability date.* This section applies to requests received by the IRS after May 20, 2025.

Edward Killen,
Acting Chief Tax Compliance Officer.

Approved: May 5, 2025.

Kevin M. Salinger,
*Acting Assistant Secretary of
the Treasury (Tax Policy).*

(Filed by the Office of the Federal Register May 16, 2025, 8:45 a.m., and published in the issue of the Federal Register for May 20, 2025, 90 FR 21410)

Part III

Update for Weighted Average Interest Rates, Yield Curves, and Segment Rates

Notice 2025-39

This notice provides guidance on the corporate bond monthly yield curve, the corresponding spot segment rates used under § 417(e)(3), and the 24-month average segment rates under § 430(h)(2) of the Internal Revenue Code. In addition, this notice provides guidance as to the interest rate on 30-year Treasury securities under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning before 2008 and the 30-year Treasury weighted average rate under § 431(c)(6)(E)(ii)(I).

YIELD CURVE AND SEGMENT RATES

Section 430 specifies the minimum funding requirements that apply to single-employer plans (except for CSEC plans

under § 414(y)) pursuant to § 412. Section 430(h)(2) specifies the interest rates that must be used to determine a plan’s target normal cost and funding target. Under this provision, present value is generally determined using three 24-month average interest rates (“segment rates”), each of which applies to cash flows during specified periods. To the extent provided under § 430(h)(2)(C)(iv), these segment rates are adjusted by the applicable percentage of the 25-year average segment rates for the period ending September 30 of the year preceding the calendar year in which the plan year begins.¹ However, an election may be made under § 430(h)(2)(D)(ii) to use the monthly yield curve in place of the segment rates.

Section 1.430(h)(2)-1(d) provides rules for determining the monthly corporate bond yield curve,² and § 1.430(h)(2)-1(c) provides rules for determining the 24-month average corporate bond segment rates used to compute the target normal cost and the funding target. Consistent with the methodology specified in § 1.430(h)(2)-1(d), the monthly corporate bond yield curve derived from June 2025

data is in Table 2025-6 at the end of this notice. The spot first, second, and third segment rates for the month of June 2025 are, respectively, 4.43, 5.46, and 6.13.

The 24-month average segment rates determined under § 430(h)(2)(C)(i) through (iii) must be adjusted pursuant to § 430(h)(2)(C)(iv) to be within the applicable minimum and maximum percentages of the corresponding 25-year average segment rates. Those percentages are 95% and 105% for plan years beginning in 2024 and 2025. For this purpose, any 25-year average segment rate that is less than 5% is deemed to be 5%. The 25-year average segment rates for plan years beginning in 2024 and 2025 were published in Notice 2023-66, 2023-40 I.R.B. 992 and Notice 2024-67, 2024-41 I.R.B. 726, respectively.

24-MONTH AVERAGE CORPORATE BOND SEGMENT RATES

The three 24-month average corporate bond segment rates applicable for July 2025 without adjustment for the 25-year average segment rate limits are as follows:

24-Month Average Segment Rates Without 25-Year Average Adjustment			
Applicable Month	First Segment	Second Segment	Third Segment
July 2025	4.90	5.36	5.62

The adjusted 24-month average segment rates set forth in the chart below reflect § 430(h)(2)(C)(iv) of the Code. The

24-month averages applicable for July 2025, adjusted to be within the applicable minimum and maximum percentages of

the corresponding 25-year average segment rates in accordance with § 430(h)(2)(C)(iv) of the Code, are as follows:

Adjusted 24-Month Average Segment Rates				
For Plan Years Beginning In	Applicable Month	First Segment	Second Segment	Third Segment
2024	July 2025	4.90	5.36	5.62
2025	July 2025	4.90	5.31	5.62

¹Pursuant to § 433(h)(3)(A), the third segment rate determined under § 430(h)(2)(C) is used to determine the current liability of a CSEC plan (which is used to calculate the minimum amount of the full funding limitation under § 433(c)(7)(C)).
²For months before February 2024, the monthly corporate bond yield curve was determined in accordance with Notice 2007-81, 2007-44 I.R.B. 899. Section 1.430(h)(2)-1(d) generally adopts the methodology for determining the monthly corporate bond yield curve under Notice 2007-81 but includes two enhancements to take into account subsequent changes in the bond market. Those enhancements are described in the preamble to TD 9986 (89 FR 2127).

30-YEAR TREASURY SECURITIES
INTEREST RATES

Section 431 specifies the minimum funding requirements that apply to multi-employer plans pursuant to § 412. Section 431(c)(6)(B) specifies a minimum amount for the full-funding limitation described in § 431(c)(6)(A), based on the plan’s current liability. Section 431(c)(6)(E)(ii)(I) pro-

vides that the interest rate used to calculate current liability for this purpose must be no more than 5 percent above and no more than 10 percent below the weighted average of the rates of interest on 30-year Treasury securities during the four-year period ending on the last day before the beginning of the plan year. Notice 88-73, 1988-2 C.B. 383, provides guidelines for determining the weighted average interest

rate. The rate of interest on 30-year Treasury securities for June 2025 is 4.89 percent. The Service determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in May 2055. For plan years beginning in July 2025, the weighted average of the rates of interest on 30-year Treasury securities and the permissible range of rates used to calculate current liability are as follows:

<i>Treasury Weighted Average Rates</i>		
For Plan Years Beginning In	30-Year Treasury Weighted Average	Permissible Range 90% to 105%
July 2025	4.12	3.71 to 4.33

MINIMUM PRESENT VALUE
SEGMENT RATES

In general, the applicable interest rates

under § 417(e)(3)(D) are segment rates computed without regard to a 24-month average. Section 1.417(e)-1(d)(3) provides guidelines for determining the min-

imum present value segment rates. Pursuant to that section, the minimum present value segment rates determined for June 2025 are as follows:

<i>Minimum Present Value Segment Rates</i>			
Month	First Segment	Second Segment	Third Segment
June 2025	4.43	5.46	6.13

DRAFTING INFORMATION

The principal author of this notice is Tom Morgan of the Office of Associ-

ate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). However, other personnel from the IRS participated in the development

of this guidance. For further information regarding this notice, contact Mr. Morgan at 202-317-6700 or Tony Montanaro at 626-927-1475 (not toll-free numbers).

Table 2025-6
Monthly Yield Curve for June 2025
Derived from June 2025 Data

<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>	<i>Maturity</i>	<i>Yield</i>
0.5	4.48	20.5	5.96	40.5	6.15	60.5	6.25	80.5	6.30
1.0	4.42	21.0	5.97	41.0	6.15	61.0	6.25	81.0	6.30
1.5	4.37	21.5	5.97	41.5	6.15	61.5	6.25	81.5	6.30
2.0	4.35	22.0	5.98	42.0	6.16	62.0	6.25	82.0	6.30
2.5	4.35	22.5	5.99	42.5	6.16	62.5	6.25	82.5	6.30
3.0	4.37	23.0	5.99	43.0	6.17	63.0	6.25	83.0	6.30
3.5	4.40	23.5	6.00	43.5	6.17	63.5	6.26	83.5	6.30
4.0	4.45	24.0	6.00	44.0	6.17	64.0	6.26	84.0	6.30
4.5	4.51	24.5	6.01	44.5	6.17	64.5	6.26	84.5	6.30
5.0	4.57	25.0	6.01	45.0	6.18	65.0	6.26	85.0	6.30
5.5	4.64	25.5	6.01	45.5	6.18	65.5	6.26	85.5	6.30
6.0	4.71	26.0	6.01	46.0	6.18	66.0	6.26	86.0	6.31
6.5	4.79	26.5	6.02	46.5	6.19	66.5	6.26	86.5	6.31
7.0	4.86	27.0	6.02	47.0	6.19	67.0	6.27	87.0	6.31
7.5	4.94	27.5	6.02	47.5	6.19	67.5	6.27	87.5	6.31
8.0	5.01	28.0	6.02	48.0	6.19	68.0	6.27	88.0	6.31
8.5	5.08	28.5	6.03	48.5	6.20	68.5	6.27	88.5	6.31
9.0	5.15	29.0	6.03	49.0	6.20	69.0	6.27	89.0	6.31
9.5	5.21	29.5	6.04	49.5	6.20	69.5	6.27	89.5	6.31
10.0	5.28	30.0	6.04	50.0	6.20	70.0	6.27	90.0	6.31
10.5	5.33	30.5	6.05	50.5	6.21	70.5	6.27	90.5	6.31
11.0	5.39	31.0	6.06	51.0	6.21	71.0	6.28	91.0	6.31
11.5	5.44	31.5	6.06	51.5	6.21	71.5	6.28	91.5	6.31
12.0	5.49	32.0	6.07	52.0	6.21	72.0	6.28	92.0	6.31
12.5	5.54	32.5	6.07	52.5	6.22	72.5	6.28	92.5	6.32
13.0	5.58	33.0	6.08	53.0	6.22	73.0	6.28	93.0	6.32
13.5	5.62	33.5	6.09	53.5	6.22	73.5	6.28	93.5	6.32
14.0	5.66	34.0	6.09	54.0	6.22	74.0	6.28	94.0	6.32
14.5	5.69	34.5	6.10	54.5	6.22	74.5	6.28	94.5	6.32
15.0	5.73	35.0	6.10	55.0	6.23	75.0	6.29	95.0	6.32
15.5	5.76	35.5	6.11	55.5	6.23	75.5	6.29	95.5	6.32
16.0	5.78	36.0	6.11	56.0	6.23	76.0	6.29	96.0	6.32
16.5	5.81	36.5	6.11	56.5	6.23	76.5	6.29	96.5	6.32
17.0	5.84	37.0	6.12	57.0	6.23	77.0	6.29	97.0	6.32
17.5	5.86	37.5	6.12	57.5	6.24	77.5	6.29	97.5	6.32
18.0	5.88	38.0	6.13	58.0	6.24	78.0	6.29	98.0	6.32
18.5	5.90	38.5	6.13	58.5	6.24	78.5	6.29	98.5	6.32
19.0	5.91	39.0	6.14	59.0	6.24	79.0	6.29	99.0	6.32
19.5	5.93	39.5	6.14	59.5	6.24	79.5	6.29	99.5	6.32
20.0	5.94	40.0	6.14	60.0	6.24	80.0	6.30	100.0	6.33

26 CFR 601.105: Examination of returns and claims for refund, credit, or abatement; determination of correct tax liability.

(Also Part 1, §§ 36B, 1.36B-2, 1.36B-3.)

Rev. Proc. 2025-25

SECTION 1. PURPOSE

This revenue procedure provides indexing adjustments to the applicable percentage table (Applicable Percentage Table) in § 36B(b)(3)(A)(i) of the Internal Revenue Code (Code)¹ for taxable years beginning in calendar year 2026. This table is used to calculate an individual’s premium tax credit under § 36B. This revenue procedure also provides the indexing adjustment for the required contribution percentage (Required Contribution Percentage) in § 36B(c)(2)(C)(i)(II) for plan years beginning in calendar year 2026. This percentage is used to determine whether an individual is eligible for affordable employer-sponsored minimum essential coverage under § 36B.

For plan years beginning in calendar year 2026, the Applicable Percentage

Table and the Section 36B Required Contribution Percentage indexing adjustments are based on the most recent projections of premium growth and income growth.² See §§ 1.36B-2(c)(3)(v)(C) and 1.36B-3(g). In addition, the additional adjustment provided in § 36B(b)(3)(A)(ii)(II) is not required for plan years beginning in 2026 because the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) have determined that the failsafe exception described in § 36B(b)(3)(A)(ii)(III) applies for plan years beginning in calendar year 2026.

SECTION 2. CHANGE TO PREMIUM GROWTH ADJUSTMENT METHODOLOGY

The Applicable Percentage Table and the Section 36B Required Contribution Percentage indexing adjustments are computed using the methodology described in section 4 of Rev. Proc. 2014-37, 2014-2 C.B. 363, and in guidance issued by the Department of Health and Human Services (HHS). For 2025 and a number of years prior to 2025, the rate of premium growth was based

on per enrollee spending for employer-sponsored insurance as published in the National Health Expenditure Account. However, beginning in calendar year 2026, HHS guidance provides a new premium growth measure that captures increases in individual market premiums in addition to increases in employer-sponsored insurance premiums for purposes of calculating the premium adjustment percentage for the 2026 benefit year and beyond. See HHS Marketplace Integrity and Affordability rule, 90 Fed. Reg. 27074 (June 25, 2025). The Treasury Department and the IRS adopt the new premium growth measure provided in the 2026 HHS Marketplace Integrity and Affordability rule for purposes of the Applicable Percentage Table and the Section 36B Required Contribution Percentage indexing adjustments.

SECTION 3. ADJUSTED ITEMS

.01 *Applicable Percentage Table for 2026.* For taxable years beginning in calendar year 2026, the Applicable Percentage Table for purposes of § 36B(b)(3)(A)(i) and § 1.36B-3(g) is:

Household income percentage of Federal poverty line:	Initial percentage	Final percentage
Less than 133%	2.10%	2.10%
At least 133% but less than 150%	3.14%	4.19%
At least 150% but less than 200%	4.19%	6.60%
At least 200% but less than 250%	6.60%	8.44%
At least 250% but less than 300%	8.44%	9.96%
At least 300% but not more than 400%	9.96%	9.96%

.02 *Required Contribution Percentage for 2026.* For plan years beginning in calendar year 2026, the Required Contribution Percentage for purposes of § 36B(c)(2)(C)(i)(II) and § 1.36B-2(c)(3)(v)(C) is 9.96%.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2014-37 is supplemented.

SECTION 5. EFFECTIVE DATE

This revenue procedure is effective for taxable years and plan years beginning in calendar year 2026.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Clara L. Raymond of

the Office of Associate Chief Counsel (Income Tax and Accounting). For further information regarding this revenue procedure, contact Ms. Raymond at (202) 317-4718 (not a toll-free number).

¹ Unless otherwise specified, all “section” or “§” references are to sections of the Code or the Income Tax Regulations (26 CFR part 1).

² The rate of premium growth and the rate of income growth are calculated using the NHEA Projections, 2024-2033, available at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected>.

Part IV

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

Announcement 2025-21

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

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

If on the other hand a suit for declaratory judgment has been timely filed, contributions from individuals and organizations described in section 170(c)(2) that are otherwise allowable will continue to be deductible. Protection under section 7428(c) would begin on July 17, 2025, and would end on the date the court first determines the organization is not described in section 170(c)(2) as more particularly set for in section 7428(c)(1). For individual contributors, the maximum deduction protected is \$1,000, with a husband and wife treated as one contributor. This benefit is not extended to any individual, in whole or in part, for the acts or omissions of the organization that were the basis for revocation.

Name Of Organization	Effective Date of Revocation	Location
Just 4 Jacks Ranch & Sanctuary	01/01/2023	Lyons, CO
Youth Inventors Lab	01/01/2021	Inner Grove, MN
Childrens Community Services Inc	07/01/2021	Laurelton, NY

Notice of Proposed Rulemaking

Estate Tax Closing Letter User Fee Update

REG-107459-24

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: In the Rules and Regulations section of this issue of the *Federal Register*, the Department of the Treasury (Treasury Department) and the IRS are issuing interim final regulations that amend the current regulations to reduce the amount of the user fee imposed on authorized persons requesting the issuance of IRS Letter 627, also referred to as an estate tax closing letter. The text of the interim final regulations also serves as the text of these proposed regulations.

DATES: Electronic or written comments must be received by July 21, 2025.

ADDRESSES: Commenters are strongly encouraged to submit public comments electronically. Submit electronic submissions via the Federal eRulemaking Portal at <https://www.regulations.gov> (indicate IRS and REG-107459-24) by following the online instructions for submitting comments. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Treasury Department and the IRS will publish for public availability any comments submitted to the IRS's public docket. Send paper submissions to: CC:PA:01:PR (REG-107459-24), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, D.C. 20044.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Juli Ro Kim at (202) 317-6859; concerning cost methodology, Maria E. Arias-Buchanan at (202) 803-9569; concerning submissions of com-

ments, Publications and Regulations Branch at (202) 317-6901 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Authority

This notice of proposed rulemaking proposes amendments to 26 CFR part 300 regarding user fees for authorized persons who request the issuance of an estate tax closing letter (IRS Letter 627) by cross-reference to interim final regulations in the Rules and Regulations section of this issue of the *Federal Register* regarding this topic.

The Independent Offices Appropriations Act of 1952 (IOAA) (31 U.S.C. 9701) authorizes each agency to prescribe regulations that establish user fees for services provided by the agency. The IOAA provides that regulations implementing user fees are subject to policies prescribed by the President; these policies are set forth in the Office of Management and Budget Circular A-25, 58 FR 38142 (July 15, 1993) (OMB Circular A-25).

The IOAA states that the services provided by an agency should be self-sustaining to the extent possible. Under OMB Circular A-25, agencies that provide services that confer special benefits on identifiable recipients beyond those accruing to the general public must identify those services, determine whether user fees should be assessed for those services, and, if so, establish user fees that recover the full cost of providing those services, unless an exception to the full cost requirement is granted. As required by the IOAA and OMB Circular A-25, agencies are to review user fees biennially and update them as necessary to reflect changes in the cost of providing the underlying services.

Background and Explanation of Provisions

Interim final regulations in the Rules and Regulations section of this issue of the *Federal Register* amend regulations under 26 CFR part 300 setting a user fee for authorized persons who request the issuance of an estate tax closing letter. The text of the interim final regulations also

serves as the text of these proposed regulations. The preamble to the interim final regulations explains the interim final regulations and these proposed regulations.

Special Analyses

I. Regulatory Planning and Review

The OMB's Office of Information and Regulatory Analysis has determined that this regulation is not significant and is not subject to review under section 6(b) of Executive Order 12866.

II. Regulatory Flexibility Act

Pursuant to the Regulatory Flexibility Act (5 U.S.C. chapter 6), it is hereby certified that these proposed regulations will not have a significant economic impact on a substantial number of small entities. The proposed regulations, which reduce the amount of a fee to obtain a particular service, affect decedents' estates, which generally are not "small entities" as defined under 5 U.S.C. 601(6). Thus, these proposed regulations have no economic impact on small entities. In addition, the interim final regulations will establish a \$56 fee, which is a reduction from the previously established fee and is not substantial enough to have a significant economic impact on any entities that could be affected by establishing such a fee. Accordingly, the Secretary certifies that the rule will not have a significant economic impact on a substantial number of small entities.

III. Unfunded Mandates Reform Act

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of \$100 million in 1995 dollars, updated annually for inflation. This rule does not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

IV. Executive Order 13132: Federalism

Executive Order 13132 (Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. These proposed regulations do not have federalism implications and do not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

V. Submission to Small Business Administration

Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking has been submitted to the Chief Counsel of the Office of Advocacy of the Small Business Administration for comment on its impact on small business.

Comments

Consideration will be given to comments that are submitted timely to the

IRS as prescribed in this preamble under the *ADDRESSES* heading of this preamble. The Treasury Department and IRS request comments on all aspects of the proposed regulations. Any comments submitted will be made available at <https://www.regulations.gov> or upon request.

Drafting Information

The principal author of these regulations is Juli Ro Kim of the Office of the Associate Chief Counsel (Passthroughs, Trusts, and Estates). Other personnel from the Treasury Department and the IRS participated in the development of the regulations.

List of Subjects in 26 CFR Part 300

Estate taxes, Reporting and record-keeping requirements.

Proposed Amendments to the Regulations

Accordingly, the Treasury Department and the IRS propose to amend 26 CFR part 300 as follows:

PART 300—USER FEES

Paragraph 1. The authority citation for part 300 continues to read, in part, as follows:

Authority: 31 U.S.C. 9701.

Par. 2. Section 300.12 is amended by revising paragraph (b) and (d) to read as follows:

§ 300.12 Fee for estate tax closing letter.

* * * * *

(b) [The text of proposed § 300.12(b) is the same as the text of § 300.12(b) in the interim final rule published elsewhere in this issue of the *Federal Register*].

* * * * *

(d) [The text of proposed § 300.12(d) is the same as the text of § 300.12(d) in the interim final rule published elsewhere in this issue of the *Federal Register*].

Edward Killen,
Acting Chief Tax Compliance Officer.

(Filed by the Office of the Federal Register May 16, 2025, 8:45 a.m., and published in the issue of the Federal Register for May 20, 2025, 90 FR 21439)

Definition of Terms

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

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

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

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

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the

new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

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

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

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the

new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

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

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

Abbreviations

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

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.

ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
FR—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.

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2025–27 through 2025–52 is in Internal Revenue Bulletin 2025–52, dated December 22, 2025.

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¹ A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2025–27 through 2025–52 is in Internal Revenue Bulletin 2025–52, dated December 22, 2025.

Internal Revenue Service

Washington, DC 20224

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INTERNAL REVENUE BULLETIN

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

We Welcome Comments About the Internal Revenue Bulletin

If you have comments concerning the format or production of the Internal Revenue Bulletin or suggestions for improving it, we would be pleased to hear from you. You can email us your suggestions or comments through the IRS Internet Home Page (www.irs.gov) or write to the Internal Revenue Service, Publishing Division, IRB Publishing Program Desk, 1111 Constitution Ave. NW, IR-6230 Washington, DC 20224.