

paid on or before the date prescribed therefor. No penalty shall be imposed under this subparagraph on any failure which is shown to be due to reasonable cause and not willful neglect.

(B) Negligence and fraud penalties made applicable

For purposes of part II of subchapter A of chapter 68, any payment required by this section shall be treated as a tax.

(C) Willful failure

If any partnership or S corporation willfully fails to comply with the requirements of this section, section 444 shall cease to apply with respect to such partnership or S corporation.

(g) Regulations

The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the provisions of this section and section 280H, including regulations providing for appropriate adjustments in the application of this section and sections 280H and 444 in cases where—

- (1) 2 or more applicable election years begin in the same calendar year, or
- (2) the base year is a taxable year of less than 12 months.

(Added Pub. L. 100-203, title X, §10206(b)(1), Dec. 22, 1987, 101 Stat. 1330-398; amended Pub. L. 100-647, title II, §2004(e)(4)-(10), (14)(B), Nov. 10, 1988, 102 Stat. 3601, 3602; Pub. L. 101-239, title VII, §§7721(c)(12), 7821(b), Dec. 19, 1989, 103 Stat. 2400, 2424; Pub. L. 101-508, title XI, §11704(a)(29), Nov. 5, 1990, 104 Stat. 1388-519; Pub. L. 105-34, title XII, §1281(d), Aug. 5, 1997, 111 Stat. 1037.)

REFERENCES IN TEXT

Section 806(e)(2)(C) of the Tax Reform Act of 1986, referred to in subsec. (d)(4), is section 806(e)(2)(C) of Pub. L. 99-514, which is set out as a note under section 1378 of this title.

AMENDMENTS

1997—Subsec. (f)(4)(A). Pub. L. 105-34 inserted at end “No penalty shall be imposed under this subparagraph on any failure which is shown to be due to reasonable cause and not willful neglect.”

1990—Subsec. (c)(3). Pub. L. 101-508 substituted “payable on the later of” for “payable on later of”.

1989—Subsec. (d)(4). Pub. L. 101-239, §7821(b), struck out “for taxable years beginning after 1987,” before “the applicable percentage” and substituted “unless more than 50 percent” for “if more than 50 percent” and “who would have been entitled” for “who would not have been entitled”.

Subsec. (f)(4)(B). Pub. L. 101-239, §7721(c)(12), substituted “part II of subchapter A of chapter 68” for “section 6653”.

1988—Subsec. (b)(2). Pub. L. 100-647, §2004(e)(4)(A), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “the amount of the required payment for the preceding applicable election year.”

Subsec. (c). Pub. L. 100-647, §2004(e)(5), amended subsec. (c) generally. Prior to amendment, subsec. (c) read as follows: “If the amount determined under subsection (b)(2) exceeds the amount determined under subsection (b)(1), then the entity shall be entitled to a refund of such excess.”

Subsec. (d)(2)(A). Pub. L. 100-647, §2004(e)(10), substituted “(other than credits and tax-exempt income)” for “(other than credits)”.

Subsec. (d)(2)(B). Pub. L. 100-647, §2004(e)(7), (10), substituted “(other than credits and tax-exempt income)”

for “(other than credits)” and inserted before period at end “(and such corporation shall be treated as an S corporation for such taxable year for purposes of paragraph (3))”.

Subsec. (d)(3)(A). Pub. L. 100-647, §2004(e)(14)(B), struck out “or incurred” after “amounts paid”.

Subsec. (d)(4). Pub. L. 100-647, §2004(e)(9), inserted at end “Notwithstanding the preceding provisions of this paragraph, for taxable years beginning after 1987, the applicable percentage for any partnership or S corporation shall be 100 percent if more than 50 percent of such entity’s net income for the short taxable year which would have resulted if the entity had not made an election under section 444 would have been allocated to partners or shareholders who would not have been entitled to the benefits of section 806(e)(2)(C) of the Tax Reform Act of 1986 with respect to such income.”

Subsec. (d)(5). Pub. L. 100-647, §2004(e)(8), added par. (5).

Subsec. (e)(4). Pub. L. 100-647, §2004(e)(4)(B), added par. (4).

Subsec. (g). Pub. L. 100-647, §2004(e)(6), substituted “including regulations providing for appropriate adjustments in the application of this section and sections 280H and 444 in cases where—

- “(1) 2 or more applicable election years begin in the same calendar year, or
- “(2) the base year is a taxable year of less than 12 months” for “including regulations for annualizing the income and applicable payments of an entity if the base year is a taxable year of less than 12 months”.

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-34 applicable to taxable years beginning after Aug. 5, 1997, see section 1281(e) of Pub. L. 105-34, set out as a note under section 6652 of this title.

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by section 7721(c)(12) of Pub. L. 101-239 applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7721(d) of Pub. L. 101-239, set out as a note under section 461 of this title.

Pub. L. 101-239, title VII, §7821(b), Dec. 19, 1989, 103 Stat. 2424, provided that the amendment made by that section is effective with respect to taxable years beginning after 1988.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 effective, except as otherwise provided, as if included in the provisions of the Revenue Act of 1987, Pub. L. 100-203, title X, to which such amendment relates, see section 2004(u) of Pub. L. 100-647, set out as a note under section 56 of this title.

EFFECTIVE DATE

Section applicable to applicable election years beginning after Dec. 31, 1986, see section 10206(d)(2) of Pub. L. 100-203, set out as a note under section 444 of this title.

§ 7520. Valuation tables

(a) General rule

For purposes of this title, the value of any annuity, any interest for life or a term of years, or any remainder or reversionary interest shall be determined—

- (1) under tables prescribed by the Secretary, and
- (2) by using an interest rate (rounded to the nearest 2/10ths of 1 percent) equal to 120 percent of the Federal midterm rate in effect under section 1274(d)(1) for the month in which the valuation date falls.

If an income, estate, or gift tax charitable contribution is allowable for any part of the property transferred, the taxpayer may elect to use such Federal midterm rate for either of the 2 months preceding the month in which the valuation date falls for purposes of paragraph (2). In the case of transfers of more than 1 interest in the same property with respect to which the taxpayer may use the same rate under paragraph (2), the taxpayer shall use the same rate with respect to each such interest.

(b) Section not to apply for certain purposes

This section shall not apply for purposes of part I of subchapter D of chapter 1 or any other provision specified in regulations.

(c) Tables

(1) In general

The tables prescribed by the Secretary for purposes of subsection (a) shall contain valuation factors for a series of interest rate categories.

(2) Revision for recent mortality charges

The Secretary shall revise the initial tables prescribed for purposes of subsection (a) to take into account the most recent mortality experience available as of the time of such revision. Such tables shall be revised not less frequently than once each 10 years to take into account the most recent mortality experience available as of the time of the revision.

(d) Valuation date

For purposes of this section, the term “valuation date” means the date as of which the valuation is made.

(e) Tables to include formulas

For purposes of this section, the term “tables” includes formulas.

(Added Pub. L. 100-647, title V, §5031(a), Nov. 10, 1988, 102 Stat. 3668; amended Pub. L. 113-295, div. A, title II, §221(a)(118), Dec. 19, 2014, 128 Stat. 4054.)

CODIFICATION

Another section 7520 was renumbered section 7521 of this title.

AMENDMENTS

2014—Subsec. (c)(2), (3). Pub. L. 113-295 redesignated par. (3) as (2), substituted “The Secretary” for “Not later than December 31, 1989, the Secretary” and struck out “thereafter” after “once each 10 years”, and struck out former par. (2). Prior to amendment, text of par. (2) read as follows: “Not later than the day 3 months after the date of the enactment of this section, the Secretary shall prescribe initial tables for purposes of subsection (a). Such tables may be based on the same mortality experience as used for purposes of section 2031 on the date of the enactment of this section.”

EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by Pub. L. 113-295 effective Dec. 19, 2014, subject to a savings provision, see section 221(b) of Pub. L. 113-295, set out as a note under section 1 of this title.

EFFECTIVE DATE

Pub. L. 100-647, title V, §5031(c), Nov. 10, 1988, 102 Stat. 3669, provided that: “The amendments made by this section [enacting this section] shall apply in cases where the date as of which the valuation is to be made

occurs on or after the 1st day of the 6th calendar month beginning after the date of the enactment of this Act [Nov. 10, 1988].”

§ 7521. Procedures involving taxpayer interviews

(a) Recording of interviews

(1) Recording by taxpayer

Any officer or employee of the Internal Revenue Service in connection with any in-person interview with any taxpayer relating to the determination or collection of any tax shall, upon advance request of such taxpayer, allow the taxpayer to make an audio recording of such interview at the taxpayer’s own expense and with the taxpayer’s own equipment.

(2) Recording by IRS officer or employee

An officer or employee of the Internal Revenue Service may record any interview described in paragraph (1) if such officer or employee—

(A) informs the taxpayer of such recording prior to the interview, and

(B) upon request of the taxpayer, provides the taxpayer with a transcript or copy of such recording but only if the taxpayer provides reimbursement for the cost of the transcription and reproduction of such transcript or copy.

(b) Safeguards

(1) Explanations of processes

An officer or employee of the Internal Revenue Service shall before or at an initial interview provide to the taxpayer—

(A) in the case of an in-person interview with the taxpayer relating to the determination of any tax, an explanation of the audit process and the taxpayer’s rights under such process, or

(B) in the case of an in-person interview with the taxpayer relating to the collection of any tax, an explanation of the collection process and the taxpayer’s rights under such process.

(2) Right of consultation

If the taxpayer clearly states to an officer or employee of the Internal Revenue Service at any time during any interview (other than an interview initiated by an administrative summons issued under subchapter A of chapter 78) that the taxpayer wishes to consult with an attorney, certified public accountant, enrolled agent, enrolled actuary, or any other person permitted to represent the taxpayer before the Internal Revenue Service, such officer or employee shall suspend such interview regardless of whether the taxpayer may have answered one or more questions.

(c) Representatives holding power of attorney

Any attorney, certified public accountant, enrolled agent, enrolled actuary, or any other person permitted to represent the taxpayer before the Internal Revenue Service who is not disbarred or suspended from practice before the Internal Revenue Service and who has a written power of attorney executed by the taxpayer may be authorized by such taxpayer to represent the taxpayer in any interview described in sub-