

of those rules. For this purpose, a financial institution may certify that the beneficial owner of a payment of interest has not been a U.S. person (as described in § 1.871-14(e)(3)(i)(A)(I)(i)) if the financial institution has determined the non-U.S. status of the beneficial owner of interest on the obligation(s) covered by the certificate by obtaining either (1) a Form W-8 (or substitute form) satisfying the requirements of § 1.1441-1(e)(4), or (2) documentary evidence satisfying the requirements of § 1.6049-5(c). A withholding agent receiving such a certificate after the time described in § 1.871-14(e)(4)(ii)(A) may rely on the certificate to the extent permitted under § 1.1441-1(b)(7). As provided in § 1.871-14(e)(4)(i)(G), a withholding agent who receives a valid certificate described in § 1.871-14(e)(3)(i) that applies to a payment of portfolio interest on a foreign-targeted registered obligation is not required to report the interest payment on Form 1042-S.

#### SECTION 5. SHORT-TERM DEBT OBLIGATIONS

Section 6049 provides an exception from information reporting of interest or original issue discount with respect to debt obligations that have an original term of 183 days or less and that satisfy a number of other requirements intended to ensure that the debt is not held by U.S. non-exempt persons. Those requirements are provided in § 1.6049-5(b)(10) and include the following: (1) payments on the instrument must be made outside the United States by other than a U.S. middleman; (2) the instrument must have a principal amount of at least \$500,000; (3) the instrument must satisfy the requirements of sections 163(f)(2)(B)(i) and (ii)(I) and the regulations thereunder; (4) the instrument must bear a specified legend stating that the holder represents that it is not, and does not hold on behalf of, a U.S. person that is a non-exempt recipient; and (5) if the instrument is in registered form, it must be registered in the name of an exempt recipient.

Comments have requested clarification on whether the short-term debt exception provided by § 1.6049-5(b)(10) will continue to be available after March 18, 2012, the effective date of the repeal of section 163(f)(2)(B) under section 502 of the

HIRE Act. Treasury and the IRS intend to clarify that this short-term debt exception remains available by issuing regulations incorporating the foreign-targeting rules of § 1.163-5(c)(2)(i) into the regulations under section 6049 in place of the existing reference to section 163(f)(2)(B).

#### SECTION 6. CLARIFICATION OF EXCISE TAX EXCEPTION UNDER SECTION 4701(B)

Section 4701 imposes an excise tax on a “registration-required obligation” that is not in registered form. The amount of the excise tax is equal to one percent of the principal amount multiplied by the number of calendar years until the obligation reaches maturity. Prior to the enactment of the HIRE Act, section 4701(b) provided that the term “registration-required obligation” generally had the same meaning as when used in section 163(f), which set forth the terms under which an issuer would be entitled to claim a deduction for interest paid on a registration-required obligation.

In connection with repealing section 163(f)(2)(B), section 502 of the HIRE Act amended section 4701(b) to provide that registration would not be required for obligations issued after March 18, 2012, that meet criteria similar to the foreign targeting rules under existing section 163(f)(2)(B). Comments requested clarification regarding how closely the procedures required under the new exception under section 4701(b) will mirror the procedures required under section 163(f)(2)(B). Treasury and the IRS intend to provide in regulations that rules identical to the rules that currently apply under section 163(f)(2)(B) and the regulations thereunder will apply for purposes of section 4701(b) to obligations issued after March 18, 2012.

#### EFFECT ON OTHER DOCUMENTS

Section 4 of Notice 2006-99, 2006-2 C.B. 907, is superseded.

#### EFFECTIVE DATE

The regulations incorporating the guidance described in this notice will be effective for obligations issued after March 18, 2012.

#### DRAFTING INFORMATION

The principal author of this notice is Susan E. Massey of the Office of Associate Chief Counsel (International). For further information regarding this notice, contact John Sweeney at (202) 622-3840 (not a toll-free call).

## 2012 Calendar Year Resident Population Figures

### Notice 2012-22

This notice advises State and local housing credit agencies that allocate low-income housing tax credits under § 42 of the Internal Revenue Code, and States and other issuers of tax-exempt private activity bonds under § 141, of the population figures to use in calculating: (1) the 2012 calendar year population-based component of the State housing credit ceiling (Credit Ceiling) under § 42(h)(3)(C)(ii); (2) the 2012 calendar year volume cap (Volume Cap) under § 146; and (3) the 2012 volume limit (Volume Limit) under § 142(k)(5).

Generally, § 146(j) requires determining the population figures for the population-based component of both the Credit Ceiling and the Volume Cap for any calendar year on the basis of the most recent census estimate of the resident population of a State (or issuing authority) released by the U.S. Census Bureau before the beginning of the calendar year. Similarly, § 142(k)(5) bases the Volume Limit on the State population.

Sections 42(h)(3)(H) and 146(d)(2) require adjusting for inflation the population-based component of the Credit Ceiling and the Volume Cap. The adjustments for the 2012 calendar year are in Rev. Proc. 2011-52, 2011-45 I.R.B. 701. Section 3.08 of Rev. Proc. 2011-52 provides that, for calendar year 2012, the amount for calculating the Credit Ceiling under § 42(h)(3)(C)(ii) is the greater of \$2.20 multiplied by the State population or \$2,525,000. Further, section 3.15 of Rev. Proc. 2011-52 provides that the amount for calculating the Volume Cap under § 146(d)(1) for calendar year 2012 is the greater of \$95 multiplied by the State population or \$284,560,000.

For the 50 states, the District of Columbia, and Puerto Rico, the population figures for calculating the Credit Ceiling, the Volume Cap, and the Volume Limit for the 2012 calendar year are the resident population estimates released electronically by the U.S. Census Bureau

on December 21, 2011, in Press Release CB11-215. For American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands, the population figures for the 2012 calendar year are the 2010 population counts released electronically by the U.S. Census Bureau on August 24,

2011, in Press Releases CB11-CN.177, CB11-CN.179, CB11-CN.178, and CB11-CN.180, respectively.

For convenience, these figures are reprinted below.

---

*Resident Population Figures*

Alabama	4,802,740
Alaska	722,718
American Samoa	55,519
Arizona	6,482,505
Arkansas	2,937,979
California	37,691,912
Colorado	5,116,796
Connecticut	3,580,709
Delaware	907,135
District of Columbia	617,996
Florida	19,057,542
Georgia	9,815,210
Guam	159,358
Hawaii	1,374,810
Idaho	1,584,985
Illinois	12,869,257
Indiana	6,516,922
Iowa	3,062,309
Kansas	2,871,238
Kentucky	4,369,356
Louisiana	4,574,836
Maine	1,328,188
Maryland	5,828,289
Massachusetts	6,587,536
Michigan	9,876,187
Minnesota	5,344,861
Mississippi	2,978,512
Missouri	6,010,688
Montana	998,199
Nebraska	1,842,641
Nevada	2,723,322
New Hampshire	1,318,194
New Jersey	8,821,155
New Mexico	2,082,224
New York	19,465,197
North Carolina	9,656,401
North Dakota	683,932
Northern Mariana Islands	53,883
Ohio	11,544,951
Oklahoma	3,791,508
Oregon	3,871,859
Pennsylvania	12,742,886
Puerto Rico	3,706,690
Rhode Island	1,051,302
South Carolina	4,679,230
South Dakota	824,082
Tennessee	6,403,353
Texas	25,674,681
Utah	2,817,222
Vermont	626,431
Virginia	8,096,604
Virgin Islands, U.S.	106,405

---

*Resident Population Figures*

Washington	6,830,038
West Virginia	1,855,364
Wisconsin	5,711,767
Wyoming	568,158

The principal authors of this notice are Julie Hanlon Bolton, Office of the Associate Chief Counsel (Passthroughs and Special Industries), and Timothy L. Jones, Office of the Associate Chief Counsel (Financial Institutions and Products). For further information regarding this notice, please contact Ms. Hanlon Bolton at (202) 622-3040 (not a toll-free call).

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

### Notice 2012-24

This notice provides guidance as to the corporate bond weighted average interest rate and the permissible range of interest rates specified under § 412(b)(5)(B)(ii)(II) of the Internal Revenue Code as in effect for plan years beginning before 2008. It also provides guidance on the corporate bond monthly yield curve (and the corresponding spot segment rates),

and the 24-month average segment rates under § 430(h)(2). 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, the 30-year Treasury weighted average rate under § 431(c)(6)(E)(ii)(I), and the minimum present value segment rates under § 417(e)(3)(D) as in effect for plan years beginning after 2007.

#### CORPORATE BOND WEIGHTED AVERAGE INTEREST RATE

Sections 412(b)(5)(B)(ii) and 412(l)(7)(C)(i), as amended by the Pension Funding Equity Act of 2004 and by the Pension Protection Act of 2006 (PPA), provide that the interest rates used to calculate current liability and to determine the required contribution under § 412(l) for plan years beginning in 2004 through 2007 must be within a permissible range based on the weighted average of the rates of interest on amounts invested conservatively in long term investment grade corporate bonds during the 4-year period

ending on the last day before the beginning of the plan year.

Notice 2004-34, 2004-1 C.B. 848, provides guidelines for determining the corporate bond weighted average interest rate and the resulting permissible range of interest rates used to calculate current liability. That notice establishes that the corporate bond weighted average is based on the monthly composite corporate bond rate derived from designated corporate bond indices. The methodology for determining the monthly composite corporate bond rate as set forth in Notice 2004-34 continues to apply in determining that rate. See Notice 2006-75, 2006-2 C.B. 366.

The composite corporate bond rate for February 2012 is 4.49 percent. Pursuant to Notice 2004-34, the Service has determined this rate as the average of the monthly yields for the included corporate bond indices for that month.

The following corporate bond weighted average interest rate was determined for plan years beginning in the month shown below.

For Plan Years Beginning in		Corporate Bond Weighted Average	Permissible Range		
<i>Month</i>	<i>Year</i>		90%	to	100%
March	2012	5.61	5.05		5.61

#### YIELD CURVE AND SEGMENT RATES

Generally for plan years beginning after 2007 (except for delayed effective dates for certain plans under sections 104, 105, and 106 of PPA), § 430 of the Code specifies the minimum funding requirements that apply to single employer plans 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. 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 430(h)(2)(G) set forth a transitional rule applicable to plan years beginning in 2008 and 2009 under which the segment rates were blended with the corporate bond weighted average described above, including an election under § 430(h)(2)(G)(iv) for an employer to use the segment rates without the transitional rule.

Notice 2007-81, 2007-2 C.B. 899, provides guidelines for determining the

monthly corporate bond yield curve, and the 24-month average corporate bond segment rates used to compute the target normal cost and the funding target. Pursuant to Notice 2007-81, the monthly corporate bond yield curve derived from February 2012 data is in Table I at the end of this notice. The spot first, second, and third segment rates for the month of February 2012 are, respectively, 1.56, 4.27, and 5.08. The three 24-month average corporate bond segment rates applicable for March 2012 are as follows: