

of continuing education credits, including two hours of ethics or professional conduct, three hours of federal tax law updates, and ten hours of federal tax law topics during each registration year.

#### **a. Continuing Education Requirements to be Completed on a Calendar Year Basis**

The IRS has determined that registered tax return preparers must complete their continuing education requirements on a calendar year basis. The IRS will require registered tax return preparers (and provisional PTIN holders) to satisfy continuing education requirements beginning in 2012. Therefore, except as set forth in section 4b of this notice, registered tax return preparers must complete continuing education requirements as prescribed in section 10.6(e)(3) of Circular 230 between January 1st and December 31st of each year beginning in 2012.

#### **b. Continuing Education Requirements Prorated for Individuals Who Initially Become a Registered Tax Return Preparer During the Registration Year**

Continuing education requirements for individuals who initially become a registered tax return preparer after January 31st will be prorated for the initial registration year. These individuals will be required to complete one hour of continuing education credit regarding federal tax law updates or federal tax law topics for each month or portion of a month that the individual is a registered tax return preparer. In addition, these individuals will be required to complete two hours of ethics credits regardless of when the individual becomes a registered tax return preparer. For example, an individual who initially becomes a registered tax return preparer on April 20th is required to complete two hours of ethics credits plus 9 hours of credits regarding federal tax law or federal tax law updates. Except in the case of a waiver under section 10.6(i) of Circular 230, continuing education requirements will not be prorated after the initial application year. Individuals who do not timely renew their PTIN before December 31st ordinarily will not qualify for a waiver and must complete all of the continuing education hours required in section 10.6(e)(3) of Circular 230.

#### **Contact Information**

The principal author of this notice is Emily M. Lesniak of the Office of Associate Chief Counsel (Procedure and Administration). For further information regarding this notice, contact Emily M. Lesniak at (202) 622-4570 (not a toll-free call).

## **Pennsylvania Low-Income Housing Credit Disaster Relief Notice 2011-83**

The Internal Revenue Service is suspending certain requirements under § 42 of the Internal Revenue Code for low-income housing credit projects to provide emergency housing relief needed as a result of the devastation in Pennsylvania caused by either Hurricane Irene during the period of August 26, 2011 to August 30, 2011, or Tropical Storm Lee beginning on September 3, 2011. This relief is being granted pursuant to the Service's authority under § 42(n) and § 1.42-13(a) of the Income Tax Regulations.

#### **BACKGROUND**

On September 3, 2011, and September 12, 2011, the President declared major disasters for the Commonwealth of Pennsylvania. The declarations were made under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 *et seq.* Subsequently, the Federal Emergency Management Agency (FEMA) designated jurisdictions for Individual Assistance. The Commonwealth of Pennsylvania has requested that the Service allow owners of low-income housing credit projects to provide temporary housing in vacant units to individuals who resided in jurisdictions designated for Individual Assistance in Pennsylvania and who have been displaced because their residences were destroyed or damaged as a result of the devastation caused by Hurricane Irene or Tropical Storm Lee. Based upon this request and because of the widespread damage to housing caused by Hurricane Irene and Tropical Storm Lee, the Service has determined that the Pennsylvania Housing Finance Agency (Agency) may

provide approval to project owners to provide temporary emergency housing for displaced individuals in accordance with this notice.

#### **I. SUSPENSION OF INCOME LIMITATIONS**

The Service has determined that it is appropriate to temporarily suspend certain income limitation requirements under § 42 for certain qualified low-income projects. The suspension will apply to low-income housing projects approved by the Agency, in which vacant units are rented to displaced individuals. The Agency will determine the appropriate period of temporary housing for each project, not to extend beyond October 31, 2012 (temporary housing period).

#### **II. STATUS OF UNITS**

##### **A. Units in the first year of the credit period**

A displaced individual temporarily occupying a unit during the first year of the credit period under § 42(f)(1) will be deemed a qualified low-income tenant for purposes of determining the project's qualified basis under § 42(c)(1), and for meeting the project's 20-50 test or 40-60 test as elected by the project owner under § 42(g)(1). After the end of the temporary housing period established by the Agency (not to extend beyond October 31, 2012), a displaced individual will no longer be deemed a qualified low-income tenant.

##### **B. Vacant units after the first year of the credit period**

During the temporary housing period established by the Agency, the status of a vacant unit (that is, market-rate or low-income for purposes of § 42 or never previously occupied) after the first year of the credit period that becomes temporarily occupied by a displaced individual remains the same as the unit's status before the displaced individual moves in. Displaced individuals temporarily occupying vacant units will not be treated as low-income tenants under § 42(i)(3)(A)(ii). However, even if it houses a displaced individual, a low-income or market rate unit that was vacant before the effective date of this notice will continue to be treated as a va-

cant low-income or market rate unit. Similarly, a unit that was never previously occupied before the effective date of this notice will continue to be treated as a unit that has never been previously occupied even if it houses a displaced individual. Thus, the fact that a vacant unit becomes occupied by a displaced individual will not affect the building's applicable fraction under § 42(c)(1)(B) for purposes of determining the building's qualified basis, nor will it affect the 20–50 test or 40–60 test of § 42(g)(1). If the income of occupants in low-income units exceeds 140 percent of the applicable income limitation, the temporary occupancy of a unit by a displaced individual will not cause application of the available unit rule under § 42(g)(2)(D)(ii). In addition, the project owner is not required during the temporary housing period to make attempts to rent to low-income individuals the low-income units that house displaced individuals.

### III. SUSPENSION OF NON-TRANSIENT REQUIREMENTS

The non-transient use requirement of § 42(i)(3)(B)(i) shall not apply to any unit providing temporary housing to a displaced individual during the temporary housing period determined by the Agency in accordance with section I of this notice.

### IV. OTHER REQUIREMENTS

All other rules and requirements of § 42 will continue to apply during the temporary housing period established by the Agency. After the end of the temporary housing period, the applicable income limitations contained in § 42(g)(1), the available unit rule under § 42(g)(2)(D)(ii), the nontransient requirement of § 42(i)(3)(B)(i), and the requirement to make reasonable attempts to rent vacant units to low-income individuals shall resume. If a project owner offers to rent a unit to a displaced individual after the end of the temporary housing period, the displaced individual must be certified under the requirements of § 42(i)(3)(A)(ii) and § 1.42–5(b) and (c) to be a qualified low-income tenant. To qualify for the relief in this notice, the project owner must additionally meet all of the following requirements:

- (1) Major Disaster Area

In the case of an individual displaced by the devastation caused by Hurricane Irene, the displaced individual must have resided in a Pennsylvania jurisdiction designated for Individual Assistance by FEMA as a result of the devastation in Pennsylvania caused by Hurricane Irene during the period of August 26, 2011, to August 30, 2011.

In the case of an individual displaced by the devastation caused by Tropical Storm Lee, the displaced individual must have resided in a Pennsylvania jurisdiction designated for Individual Assistance by FEMA as a result of the devastation in Pennsylvania caused by Tropical Storm Lee beginning on September 3, 2011.

(2) Approval of the Pennsylvania Housing Finance Agency

The project owner must obtain approval from the Agency for the relief described in this notice. The Agency will determine the appropriate period of temporary housing for each project, not to extend beyond October 31, 2012.

(3) Certifications and Recordkeeping

To comply with the requirements of § 1.42–5, project owners are required to maintain and certify certain information concerning each displaced individual temporarily housed in the project, specifically the following: name, address of damaged residence, social security number, and a statement signed under penalties of perjury by the displaced individual that, because of damage to the individual's residence in a Pennsylvania jurisdiction designated for Individual Assistance by FEMA as a result of the devastation caused in Pennsylvania by Hurricane Irene during the period of August 26, 2011 to August 30, 2011, or Tropical Storm Lee beginning on September 3, 2011, as applicable, the individual requires temporary housing. The owner must notify the Agency that vacant units are available for rent to displaced individuals.

The owner must also certify the date the displaced individual began temporary occupancy and the date the project will discontinue providing temporary housing as established by the Agency. The certifications and recordkeeping for displaced individuals must be maintained as part of the annual compliance monitoring process with the Agency.

(4) Rent Restrictions

Rents for the low-income units that house displaced individuals must not exceed the existing rent-restricted rates for the low-income units established under § 42(g)(2).

(5) Protection of Existing Tenants

Existing tenants in occupied low-income units cannot be evicted or have their tenancy terminated as a result of efforts to provide temporary housing for displaced individuals.

### EFFECTIVE DATES

This notice is effective September 3, 2011 (the date of the President's major disaster declaration) for devastation caused by Hurricane Irene in Pennsylvania during the period of August 26, 2011 to August 30, 2011. This notice is effective September 12, 2011 (the date of the President's major disaster declaration) for devastation caused by Tropical Storm Lee in Pennsylvania beginning on September 3, 2011.

### PAPERWORK REDUCTION ACT

The collection of information contained in this notice has been reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545–2218.

An Agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

The collection of information in this notice is in the section titled "OTHER REQUIREMENTS" under "(3) Certifications and Recordkeeping." This information is required to enable the Service to verify whether individuals are displaced as a result of the devastation caused in Pennsylvania by either Hurricane Irene during the period of August 26, 2011 to August 30, 2011, or Tropical Storm Lee beginning on September 3, 2011, and thus warrant temporary housing in vacant low-income housing units. The collection of information is required to obtain a benefit. The likely respondents are individuals and businesses.

The estimated total annual recordkeeping burden is 150 hours.

The estimated annual burden per recordkeeper is approximately 15 minutes.

The estimated number of recordkeepers is 600.

Books or records relating to a collection of information must be retained as long as their contents may become material to the administration of the internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

#### DRAFTING INFORMATION

The principal author of this notice is David Selig of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice, contact Mr. Selig at (202) 622-3040 (not a toll-free call).

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

### Notice 2011-84

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 September 2011 is 4.82 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	
Month	Year		90%	to 100%
October	2011	5.86	5.28	5.86

#### 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 September 2011 data is in Table I at the end of this notice. The spot first, second, and third segment rates for the month of September 2011 are, respectively, 1.98, 4.49, and 5.80. The three 24-month average corporate bond segment rates applicable for October 2011 are as follows:

First Segment	Second Segment	Third Segment
2.03	5.20	6.30