

## **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.

### **INCOME TAX**

#### **Rev. Rul. 2001-2, page 255.**

**Low-income housing credit; satisfactory bond; "bond factor" amounts for the period October through December 2000.** This ruling announces the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period October through December 2000. This ruling also announces errors in bond factor amounts for dispositions of 1987 properties in 1998 and of all properties in 1999 and January through June 2000, and sets forth summaries for 1998, 1999, and 2000 that contain the corrected bond factor amounts.

#### **Notice 2001-2, page 265.**

**Research credit suspension periods.** This notice provides guidance to help taxpayers compute and report their credit for increasing research activities (research credit) under section 41 of the Code for taxable years that include the research credit suspension periods described in section 502(d)(2) of the Tax Relief Extension Act of 1999, Pub. L. No. 106-170 (Dec. 17, 1999). This notice also explains how to take into account any research credits attributable to a research credit suspension period.

#### **Notice 2001-4, page 267.**

This notice provides additional guidance to qualified intermediaries and U.S. withholding agents relating to the withholding of income tax under section 1441 of the Code on certain U.S. source income paid to foreign persons.

#### **Rev. Proc. 2001-10, page 272.**

**Methods of accounting; inventories; small taxpayers.** This procedure provides that the Commissioner will exercise

his discretion to except a qualifying taxpayer with average annual gross receipts of \$1,000,000 or less from the requirements to use an accrual method of accounting and to account for inventories. Rev. Proc. 2000-22 modified and superseded. Rev. Proc. 99-49 modified and amplified.

#### **Rev. Proc. 2001-11, page 275.**

**Penalties; substantial understatement.** Guidance is provided concerning when information shown on a return will be adequate disclosure for purposes of reducing an understatement of income tax under section 6662(d) of the Code and for purposes of avoiding the preparer penalty under section 6694(a) of the Code.

### **EMPLOYEE PLANS**

#### **Notice 2001-3, page 267.**

**Weighted average interest rate update.** The weighted average interest rate for December 2000 and the resulting permissible range of interest rates used to calculate current liability for purposes of the full funding limitation of section 412 (c)(7) of the Code are set forth.

### **EMPLOYMENT TAX**

#### **T.D. 8910, page 258.**

Final regulations under section 6053 of the Code set forth rules for employers that wish to establish electronic systems for use by their tipped employees in reporting tips to the employer. The regulations also provide rules relating to substantiation requirements for tipped employees using the electronic system.

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Finding Lists begin on page ii.



Department of the Treasury  
Internal Revenue Service

**Notice 2001-1, page 261.**

This notice sets forth the requirements employers must meet and the procedures for obtaining approval of employer-designed tip reporting alternative commitment (EmTRAC) programs for the food and beverage industry. Notice 2000-21 superseded.

**Page 258.**

**Railroad retirement; rate determination; quarterly.** The Railroad Retirement Board has determined that the rate of tax imposed by section 3221 of the Code shall be 26 cents for the quarter beginning January 1, 2001.

**Announcement 2001-1, page 277.**

The Service announces the availability of two new *pro forma* voluntary tip reporting agreements for employers of tipped employees and revisions of three existing *pro forma* voluntary tip reporting agreements. These documents were published in proposed form as announcements in I.R.B. 2000-19.

**ADMINISTRATIVE****Announcement 2001-2, page 277.**

An updated edition of Publication 551, *Basis of Assets* (revised December 2000), will be available soon.

**Announcement 2001-3, page 278.**

This announcement updates Publication 1187 (Rev. 8-98), which provides specifications for the magnetic or electronic filing of Form 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding*. Announcement 99-79 superseded.

**Announcement 2001-4, page 286.**

This document contains corrections to T.D. 8889, 2000-30 I.R.B. 124, final regulations regarding claims for certain income tax convention benefits.

**Announcement 2001-5, page 286.**

This document contains corrections to the Numerical Finding List, the Finding List of Current Actions on Previously Published Items, and the Index for Cumulative Bulletin 1998-2. These pages are reprinted here.