

Part III. Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters.
(Also Part I, §§412, 4971.)

Rev. Proc. 2000-17

Section 1. Purpose

This revenue procedure provides for a waiver of the 100 percent tax imposed under § 4971(b) of the Internal Revenue Code (the “Code”) on an employer who maintains a pension plan for which there is an accumulated funding deficiency under § 412. The waiver is applicable to certain terminated single-employer defined benefit plans if specific conditions are satisfied.

Section 2. Background

.01 Section 4971(a) provides for the imposition of an initial tax of ten percent (five percent in the case of a multiemployer plan) on the amount of the accumulated funding deficiency under a plan as determined under § 412.

.02 Section 4971(b) provides for an additional tax equal to 100 percent of any uncorrected accumulated funding deficiency on which an initial tax is imposed under § 4971(a).

.03 Section 3002(b) of the Employee Retirement Income Security Act of 1974 (“ERISA”), Pub. L. 93-406, 1974-3 C.B. 166, provides that the Secretary of the Treasury may waive the imposition of the tax imposed under section 4971(b) of the Code in appropriate cases.

.04 Rev. Rul. 79-237, 1979-2 C.B. 190, provides that in the year of termination of a plan, the tax imposed by § 4971(b) applies unless the accumulated funding deficiency, as of the end of the plan year in which the plan is terminated, is reduced to zero.

.05 Rev. Proc. 81-44, 1981-2 C.B. 618, outlines the procedure for requesting a waiver of the tax imposed under § 4971(b).

Section 3. Conditions for Waiver

The tax imposed on an employer under § 4971(b) for failure to meet the minimum funding standards with respect to a defined benefit plan is waived for all applicable years, if the four conditions enumerated below are satisfied:

.01 The plan is subject to Title IV of ERISA and is terminated in a standard termination under section 4041 of ERISA.

.02 Plan participants are not entitled to any portion of residual assets remaining after all liabilities of the plan to participants and their beneficiaries have been satisfied.

.03 Excise taxes that have been or could be imposed under § 4971(a) of the Code have been paid for all taxable years, including the taxable year related to the year of plan termination.

.04 All applicable forms in the 5500 series, including Schedules B (Actuarial Information), have been filed for the plan for all plan years including the year of plan termination.

Section 4. Effective Date

This procedure applies to the excise taxes under § 4971(b) of the Code with respect to plans terminating with termination dates under section 4041 of ERISA that occur on or after January 1, 2000.

Drafting Information

The principal author of this revenue procedure is Bill Kerr of the Tax Exempt and Government Entities Division. For further information regarding this revenue procedure, call Employee Plans Taxpayer Assistance at (202) 622-6076 (not a toll free number) between 2:30 and 3:30 Eastern time, Monday through Thursday. Mr. Kerr's number is (202) 622-8055 (also not a toll free number).