



[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9664]

RIN 1545-BF80

Section 67 Limitations on Estates or Trusts; Change of Effective Date

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations; amendment.

SUMMARY: This document amends final regulations (TD 9664) that were published in the **Federal Register** on May 9, 2014. The final regulations provide guidance on which costs incurred by estates or trusts other than grantor trusts (non-grantor trusts) are subject to the 2-percent floor for miscellaneous itemized deductions under section 67(a) of the Internal Revenue Code.

DATES: Effective date: This amendment to the final regulations published on May 9, 2014 (79 FR 90), is effective on **[INSERT DATE OF PUBLICATION OF IN THE FEDERAL REGISTER]**.

Applicability Date: For date of applicability, see §1.67-4(d).

FOR FURTHER INFORMATION CONTACT: Jennifer N. Keeney, (202) 317-6850 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of these amendments are under section 67 of the Internal Revenue Code. The final regulations (TD 9664) were published in the Federal Register on Friday, May 9, 2014 (79 FR 90). The final regulations applied to taxable years beginning on or after May 9, 2014.

Need for Amendment

The Treasury Department and the IRS received a comment raising concerns about the effective/applicability date of the regulations. As issued, the final regulations apply to taxable years beginning on or after May 9, 2014. Therefore, fiduciaries of existing trusts and calendar-year estates would implement the rules beginning January 1, 2015. However, the rules would apply immediately to any non-grantor trust created after May 8, 2014, the estate of any decedent who dies after May 8, 2014, and any existing fiscal-year estate with a taxable year beginning after May 8, 2014. The commentator stated that the effective/applicability date in the regulations does not give fiduciaries of these trusts and estates sufficient time to implement the changes that are necessary to comply with the regulations. Specifically, the commentator is concerned about allowing fiduciaries sufficient time to design and implement the necessary program changes to determine the portion of a bundled fee that is attributable to costs that are subject to the 2-percent floor versus costs that are not subject to the 2-percent floor. In response to these comments, this document amends §1.67-4(d) of the Final Regulations so that the regulations apply to taxable years beginning on or after January 1, 2015.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1--INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 * * *

Par. 2. In §1.67-4, paragraph (d) is revised read as follows:

§1.67-4 Costs paid or incurred by estates or non-grantor trusts.

* * * * *

(d) Effective/applicability date. This section applies to taxable years beginning after December 31, 2014.

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