26 CFR 601.602: Tax forms and instructions.
(Also Part I, §§ 1, 23, 25A, 32, 36B, 42, 45R, 55, 59, 62, 63, 68, 125, 132(f),135, 137, 146, 147, 148, 151, 179, 213, 220, 221, 512, 513, 831, 877, 877A, 911, 2010, 2032A, 2503, 2523, 4161, 4261, 5000A, 6033, 6039F, 6323, 6334, 6601, 6651, 6652, 6695, 6698, 6699, 6721, 6722, 7345, 7430, 7702B; 1.148-5.)

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SECTION 1. PURPOSE

This revenue procedure sets forth inflation-adjusted items for 2017.

SECTION 2. CHANGES

.01 Section 101 of the Protecting Americans from Tax Hikes Act (PATH Act) of 2015, enacted as part of the Consolidated Appropriations Act, 2016, Pub. L. 114-113, div. Q, made permanent the earned income threshold of $3,000 used in § 24(d)(1)(B)(i) to determine the refundable portion of the child tax credit under § 24.

.02 Section 102 of the PATH Act made permanent the enhanced American Opportunity Tax Credit under § 25A(i). The Hope Scholarship Credit under § 25A(b)(1), as increased under § 25A(i) (the American Opportunity Tax Credit), is an amount equal to 100 percent of qualified tuition and related expenses not in excess of $2,000, plus 25 percent of those expenses in excess of $2,000, but not in excess of $4,000. Accordingly, the maximum Hope Scholarship Credit allowable under § 25A(b)(1) is $2,500.

.03 Section 103 of the PATH Act made permanent under § 32 the enhanced earned income tax credit percentage for an eligible individual with 3 or more qualifying children and the phaseout percentages. The PATH Act also made permanent an increase of $5,000 in the phaseout amount to reduce the marriage penalty and the indexing of this amount for inflation.

.04 Section 333 of the PATH Act modifies the § 831(b) eligibility rules for a property and casualty insurance company to elect to be taxed only on taxable investment income. The provision increases the amount of the limit on net written premiums or direct written premiums (whichever is greater) from $1,200,000 to $2,200,000 and indexes this amount for inflation effective for tax years beginning after December 31, 2016.

.05 Section 202 of the Airport and Airways Extension Act of 2015, Pub. L. 114-55, amended § 4261(k)(1)(A)(ii) of the Internal Revenue Code (which governs the period of applicability of § 4261(a), 4261(b)(1), (c)(1), and (c)(3)). The effect of this amendment was to temporarily extend the passenger air transportation excise taxes of 7.5% on the amount paid for taxable transportation, $3.00 for each domestic segment of taxable transportation, $12.00 for amounts paid for any transportation beginning or ending in the United States (i.e., international travel), and $6.00 for each domestic segment beginning or ending in Alaska or Hawaii. These excise taxes applied to transportation that began during the period ending March 31, 2016. Section 202 of the Airport and Airway Extension Act of 2016, Pub. L. 114-141, extended these excise taxes through July 15, 2016, and Section 1202 of FAA Extension, Safety, and Security Act of 2016, Pub. L. 114-190, extended these excise taxes through September 30, 2017.

.06 The Patient Protection and Affordable Care Act, Pub. L. 111-148, and the Health Care and Education Reconciliation Act of 2010, Pub. L. 111-152 (collectively, the Affordable Car Act) enacted § 5000A, Requirement to Maintain Minimum Essential Coverage. For taxable years beginning in 2014, most individuals are subject to a penalty for each month for which they fail to have minimum essential health coverage for themselves or their dependents. For calendar years beginning after 2016, the applicable dollar amount used to determine the penalty under § 5000A(c) for failure to maintain minimum essential coverage is adjusted for inflation.

.07 Section 921 of the Trade Facilitation and Trade Enforcement Act of 2015, Pub. L. 114-125, increased the amount of the additional tax under § 6651(a) for failure to file a tax return within 60 days of the due date of such return (determined with regard to any extensions of time for filing). For returns required to be filed in calendar years after 2015, the amount of the addition tax shall not be less than the lesser of $205 (increased from $135) or 100 percent of the amount required to shown as tax on such returns.

.08 Section 32101 of the Fixing America's Surface Transportation Act (FAST Act) of 2015, Pub. L. 114-94, added § 7345, Revocation of Denial of Passport in Case of Certain Tax Delinquencies, to the Internal Revenue Code. The provision applies to a seriously delinquent tax debt, which generally includes any outstanding Federal tax liability (including interest and any penalties) in excess of $50,000 (adjusted for inflation for a calendar year beginning after 2016) for which a notice of lien or notice of levy has been filed.

SECTION 3. 2017 ADJUSTED ITEMS

.01 Tax Rate Tables. For taxable years beginning in 2017, the tax rate tables under § 1 are as follows:

TABLE 1 - Section 1(a) - Married Individuals Filing Joint Returns and Surviving Spouses

If Taxable Income Is:	The Tax Is:
Not over $18,650	10% of the taxable income
Over $18,650 but not over $75,900	$1,865 plus 15% of the excess over $18,650
Over $75,900 but not over $153,100	$10,452.50 plus 25% of the excess over $75,900
Over $153,100 but not over $233,350	$29,752.50 plus 28% of the excess over $153,100
Over $233,350 but not over $416,700	$52,222.50 plus 33% of the excess over $233,350
Over $416,700 but not over $470,700	$112,728 plus 35% of the excess over $416,700
Over $470,700	$131,628 plus 39.6% of the excess over $470,700

TABLE 2 - Section 1(b) – Heads of Households

If Taxable Income Is:	The Tax Is:
Not over $13,350	10% of the taxable income

Over $13,350 but not over $50,800	$1,335 plus 15% of the excess over $13,350
Over $50,800 but not over $131,200	$6,952.50 plus 25% of the excess over $50,800
Over $131,200 but not over $212,500	$27,052.50 plus 28% of the excess over $131,200
Over $212,500 but not over $416,700	$49,816.50 plus 33% of the excess over $212,500
Over $416,700 not over $444,550	$117,202.50 plus 35% of the excess over $416,700
Over $444,550	$126,950 plus 39.6% of the excess over $444,550

TABLE 3 - Section 1(c) – Unmarried Individuals (other than Surviving Spouses and Heads of Households)

If Taxable Income Is:	The Tax Is:
Not over $9,325	10% of the taxable income
Over $9,325 but not over $37,950	$932.50 plus 15% of the excess over $9,325
Over $37,950 but not over $91,900	$5,226.25 plus 25% of the excess over $37,950
Over $91,900 but not over $191,650	$18,713.75 plus 28% of the excess over $91,900
Over $191,650 but not over $416,700	$46,643.75 plus 33% of the excess over $191,650
Over $416,700 not over $418,400	$120,910.25 plus 35% of the excess over $416,700
Over $418,400	$121,505.25 plus 39.6% of the excess over $418,400

TABLE 4 - Section 1(d) – Married Individuals Filing Separate Returns

<u>If Taxable Income Is</u>:	<u>The Tax Is</u>:
Not over $9,325	10% of the taxable income
Over $9,325 but not over $37,950	$932.50 plus 15% of the excess over $9,325
Over $37,950 but not over $76,550	$5,226.25 plus 25% of the excess over $37,950
Over $76,550 but not over $116,675	$14,876.25 plus 28% of the excess over $76,550
Over $116,675 but not over $208,350	$26,111.25 plus 33% of the excess over $116,675
Over $208,350 not over $235,350	$56,364 plus 35% of the excess over $208,350
Over $235,350	$65,814 plus 39.6% of the excess over $235,350

TABLE 5 - Section 1(e) – Estates and Trusts

<u>If Taxable Income Is</u>:	<u>The Tax Is</u>:
Not over $2,550	15% of the taxable income
Over $2,550 but not over $6,000	$382.50 plus 25% of the excess over $2,550
Over $6,000 but not over $9,150	$1,245 plus 28% of the excess over $6,000
Over $9,150 but not over $12,500	$2,127 plus 33% of the excess over $9,150
Over $12,500	$3,232.50 plus 39.6% of the excess over $12,500

.02 <u>Unearned Income of Minor Children Taxed as if Parent's Income (the "Kiddie Tax")</u>. For taxable years beginning in 2017, the amount in § 1(g)(4)(A)(ii)(I), which is used to reduce the net unearned income reported on the child's return that is subject to the "kiddie tax," is $1,050. This $1,050 amount is the same as the amount provided in § 63(c)(5)(A), as adjusted for inflation. The same $1,050 amount is used for purposes of § 1(g)(7) (that is, to determine whether a parent may elect to include a child's gross income in the parent's gross income and to calculate the "kiddie tax"). For example, one of the requirements for the parental election is that a child's gross income is more than the amount referenced in § 1(g)(4)(A)(ii)(I) but less than 10 times that amount; thus, a child's gross income for 2017 must be more than $1,050 but less than $10,500.

.03 Adoption Credit. For taxable years beginning in 2017, under § 23(a)(3) the credit allowed for an adoption of a child with special needs is $13,570. For taxable years beginning in 2017, under § 23(b)(1) the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to $13,570. The available adoption credit begins to phase out under § 23(b)(2)(A) for taxpayers with modified adjusted gross income in excess of $203,540 and is completely phased out for taxpayers with modified adjusted gross income of $243,540 or more. (See section 3.19 of this revenue procedure for the adjusted items relating to adoption assistance programs.)

.04 Lifetime Learning Credit. For taxable years beginning in 2017, a taxpayer's modified adjusted gross income in excess of $56,000 ($112,000 for a joint return) is used to determine the reduction under § 25A(d)(2) in the amount of the Lifetime Learning Credit otherwise allowable under § 25A(a)(2).

.05 Earned Income Credit.

(1) In general. For taxable years beginning in 2017, the following amounts are used to determine the earned income credit under § 32(b). The "earned income amount" is the amount of earned income at or above which the maximum amount of the earned income credit is allowed. The "threshold phaseout amount" is the amount of adjusted gross income (or, if greater, earned income) above which the maximum amount of the credit begins to phase out. The "completed phaseout amount" is the amount of adjusted gross income (or, if greater, earned income) at or above which no credit is allowed. The threshold phaseout amounts and the completed phaseout amounts shown in the table below for married taxpayers filing a joint return include the increase provided in § 32(b)(3)(B)(i), as adjusted for inflation for taxable years beginning in 2017.

	Number of Qualifying Children			
Item	One	Two	Three or More	None
Earned Income Amount	$10,000	$14,040	$14,040	$6,670
Maximum Amount of Credit	$3,400	$5,616	$6,318	$510
Threshold Phaseout Amount (Single, Surviving Spouse, or Head of Household)	$18,340	$18,340	$18,340	$8,340
Completed Phaseout Amount (Single, Surviving Spouse, or Head of Household)	$39,617	$45,007	$48,340	$15,010
Threshold Phaseout Amount (Married Filing Jointly)	$23,930	$23,930	$23,930	$13,930

Completed Phaseout Amount (Married Filing Jointly)	$45,207	$50,597	$53,930	$20,600

The instructions for the Form 1040 series provide tables showing the amount of the earned income credit for each type of taxpayer.

(2) Excessive Investment Income. For taxable years beginning in 2017, the earned income tax credit is not allowed under § 32(i)(1) if the aggregate amount of certain investment income exceeds $3,450.

.06 Refundable Credit for Coverage Under a Qualified Health Plan. For taxable years beginning in 2017, the limitation on tax imposed under § 36B(f)(2)(B) for excess advance credit payments is determined using the following table:

If the household income (expressed as a percent of poverty line) is:	The limitation amount for unmarried individuals (other than surviving spouses and heads of household) is:	The limitation amount for all other taxpayers is:
Less than 200%	$300	$600
At least 200% but less than 300%	$750	$1,500
At least 300% but less than 400%	$1,275	$2,550

.07 Rehabilitation Expenditures Treated as Separate New Building. For calendar year 2017, the per low-income unit qualified basis amount under § 42(e)(3)(A)(ii)(II) is $6,700.

.08 Low-Income Housing Credit. For calendar year 2017, the amount used under § 42(h)(3)(C)(ii) to calculate the State housing credit ceiling for the low-income housing credit is the greater of (1) $2.35 multiplied by the State population, or (2) $2,710,000.

.09 Employee Health Insurance Expense of Small Employers. For taxable years beginning in 2017, the dollar amount in effect under § 45R(d)(3)(B) is $26,200. This amount is used under § 45R(c) for limiting the small employer health insurance credit and under § 45R(d)(1)(B) for determining who is an eligible small employer for purposes of the credit.

.10 Exemption Amounts for Alternative Minimum Tax. For taxable years beginning in 2017, the exemption amounts under § 55(d)(1) are:

Joint Returns or Surviving Spouses	$84,500
Unmarried Individuals (other than Surviving Spouses)	$54,300
Married Individuals Filing Separate Returns	$42,250
Estates and Trusts	$24,100

For taxable years beginning in 2017, under § 55(b)(1), the excess taxable income above which the 28 percent tax rate applies is:

Married Individuals Filing Separate Returns	$93,900
Joint Returns, Unmarried Individuals (other than surviving spouses), and Estates and Trusts	$187,800

For taxable years beginning in 2017, the amounts used under § 55(d)(3) to determine the phaseout of the exemption amounts are:

Joint Returns or Surviving Spouses	$160,900
Unmarried Individuals (other than Surviving Spouses)	$120,700
Married Individuals Filing Separate Returns and Estates and Trusts	$80,450

.11 Alternative Minimum Tax Exemption for a Child Subject to the "Kiddie Tax." For taxable years beginning in 2017, for a child to whom the § 1(g) "kiddie tax" applies, the exemption amount under §§ 55 and 59(j) for purposes of the alternative minimum tax under § 55 may not exceed the sum of (1) the child's earned income for the taxable year, plus (2) $7,500.

.12 Certain Expenses of Elementary and Secondary School Teachers. For taxable years beginning in 2017, under § 62(a)(2)(D) the amount of the deduction allowed under § 162 which consists of expenses paid or incurred by an eligible educator in connection with books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom is $250.

.13 Transportation Mainline Pipeline Construction Industry Optional Expense Substantiation Rules for Payments to Employees under Accountable Plans. For calendar year 2017, an eligible employer may pay certain welders and heavy equipment mechanics an amount of up to $17 per hour for rig-related expenses that are deemed substantiated under an accountable plan if paid in accordance with Rev. Proc. 2002-41, 2002-1 C.B. 1098. If the employer provides fuel or otherwise reimburses fuel expenses, up to $11 per hour is deemed substantiated if paid under Rev. Proc. 2002-41.

.14 Standard Deduction.

(1) In general. For taxable years beginning in 2017, the standard deduction amounts under § 63(c)(2) are as follows:

Filing Status	Standard Deduction
Married Individuals Filing Joint Returns and Surviving Spouses (§ 1(a))	$12,700
Heads of Households (§ 1(b))	$9,350
Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(c))	$6,350
Married Individuals Filing Separate Returns (§ 1(d))	$6,350

(2) Dependent. For taxable years beginning in 2017, the standard deduction amount under § 63(c)(5) for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of (1) $1,050, or (2) the sum of $350 and the individual's earned income.

(3) Aged or blind. For taxable years beginning in 2017, the additional standard deduction amount under § 63(f) for the aged or the blind is $1,250. The additional standard deduction amount is increased to $1,550 if the individual is also unmarried and not a surviving spouse.

.15 Overall Limitation on Itemized Deductions. For taxable years beginning in 2017, the applicable amounts under § 68(b) are $313,800 in the case of a joint return or a surviving spouse, $287,650 in the case of a head of household, $261,500 in the case of an individual who is not married and who is not a surviving spouse or head of household, and $156,900 in the case of a married individual filing a separate return.

.16 Cafeteria Plans. For the taxable years beginning in 2017, the dollar limitation under § 125(i) on voluntary employee salary reductions for contributions to health flexible spending arrangements is $2,600.

.17 Qualified Transportation Fringe Benefit. For taxable years beginning in 2017, the monthly limitation under § 132(f)(2)(A) regarding the aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle and any transit pass is $255. The monthly limitation under § 132(f)(2)(B) regarding the fringe benefit exclusion amount for qualified parking is $255.

.18 Income from United States Savings Bonds for Taxpayers Who Pay Qualified Higher Education Expenses. For taxable years beginning in 2017, the exclusion under § 135, regarding income from United States savings bonds for taxpayers who pay qualified higher education expenses, begins to phase out for modified adjusted gross income above $117,250 for joint returns and $78,150 for all other returns. The exclusion is completely phased out for modified adjusted gross income of $147,250 or more for joint returns and $93,150 or more for all other returns.

.19 Adoption Assistance Programs. For taxable years beginning in 2017, under § 137(a)(2), the amount that can be excluded from an employee's gross income for the adoption of a child with special needs is $13,570. For taxable years beginning in 2017, under § 137(b)(1) the maximum amount that can be excluded from an employee's gross income for the amounts paid or expenses incurred by an employer for qualified adoption expenses furnished pursuant to an adoption assistance program for other adoptions by the employee is $13,570. The amount excludable from an employee's gross income begins to phase out under § 137(b)(2)(A) for taxpayers with modified adjusted gross income in excess of $203,540 and is completely phased out for taxpayers with modified adjusted gross income of $243,540 or more. (See section 3.03 of this revenue procedure for the adjusted items relating to the adoption credit.)

.20 Private Activity Bonds Volume Cap. For calendar year 2017, the amounts used under § 146(d) to calculate the State ceiling for the volume cap for private activity bonds is the greater of (1) $100 multiplied by the State population, or (2) $305,315,000.

.21 Loan Limits on Agricultural Bonds. For calendar year 2017, the loan limit amount on agricultural bonds under § 147(c)(2)(A) for first-time farmers is $524,200.

.22 General Arbitrage Rebate Rules. For bond years ending in 2017, the amount of the computation credit determined under the permission to rely on § 1.148-3(d)(4) of the proposed Income Tax Regulations is $1,670.

.23 Safe Harbor Rules for Broker Commissions on Guaranteed Investment Contracts or Investments Purchased for a Yield Restricted Defeasance Escrow. For calendar year 2017, under § 1.148-5(e)(2)(iii)(B)(1), a broker's commission or similar fee for the acquisition of a guaranteed investment contract or investments purchased for a yield restricted defeasance escrow is reasonable if (1) the amount of the fee that the issuer treats as a qualified administrative cost does not exceed the lesser of (A) $39,000, and (B) 0.2 percent of the computational base (as defined in § 1.148-5(e)(2)(iii)(B)(*2*)) or, if more, $4,000; and (2) the issuer does not treat more than $111,000 in brokers' commissions or similar fees as qualified administrative costs for all guaranteed investment contracts and investments for yield restricted defeasance escrows purchased with gross proceeds of the issue.

.24 Personal Exemption.

(1) For taxable years beginning in 2017, the personal exemption amount under § 151(d) is $4,050.

(2) Phaseout. For taxable years beginning in 2017, the personal exemption phases out for taxpayers with the following adjusted gross income amounts:

Filing Status	AGI – Beginning of Phaseout	AGI – Completed Phaseout
Married Individuals Filing Joint Returns and Surviving Spouses (§ 1(a))	$313,800	$436,300
Heads of Households (§ 1(b))	$287,650	$410,150
Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(c))	$261,500	$384,000
Married Individuals Filing Separate Returns (§ 1(d))	$156,900	$218,150

.25 Election to Expense Certain Depreciable Assets. For taxable years beginning in 2017, under § 179(b)(1), the aggregate cost of any § 179 property that a taxpayer elects to treat as an expense cannot exceed $510,000. Under § 179(b)(2), the $510,000 limitation is reduced (but not below zero) by the amount the cost of § 179 property placed in service during the 2017 taxable year exceeds $2,030,000.

.26 Eligible Long-Term Care Premiums. For taxable years beginning in 2017, the limitations under § 213(d)(10), regarding eligible long-term care premiums includible in the term "medical care," are as follows:

Attained Age Before the Close of the Taxable Year	Limitation on Premiums
40 or less	$410
More than 40 but not more than 50	$770
More than 50 but not more than 60	$1,530
More than 60 but not more than 70	$4,090
More than 70	$5,110

.27 Medical Savings Accounts.

(1) Self-only coverage. For taxable years beginning in 2017, the term "high deductible health plan" as defined in § 220(c)(2)(A) means, for self-only coverage, a health plan that has an annual deductible that is not less than $2,250 and not more than $3,350, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed $4,500.

(2) Family coverage. For taxable years beginning in 2017, the term "high deductible health plan" means, for family coverage, a health plan that has an annual deductible that is not less than $4,500 and not more than $6,750, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed $8,250.

.28 Interest on Education Loans. For taxable years beginning in 2017, the $2,500 maximum deduction for interest paid on qualified education loans under § 221 begins to phase out under § 221(b)(2)(B) for taxpayers with modified adjusted gross income in excess of $65,000 ($135,000 for joint returns), and is completely phased out for taxpayers with modified adjusted gross income of $80,000 or more ($165,000 or more for joint returns).

.29 Treatment of Dues Paid to Agricultural or Horticultural Organizations. For taxable years beginning in 2017, the limitation under § 512(d)(1), regarding the exemption of annual dues required to be paid by a member to an agricultural or horticultural organization, is $162.

.30 Insubstantial Benefit Limitations for Contributions Associated with Charitable Fund-Raising Campaigns.

(1) Low cost article. For taxable years beginning in 2017, for purposes of defining the term “unrelated trade or business” for certain exempt organizations under § 513(h)(2), “low cost articles” are articles costing $10.70 or less.

(2) Other insubstantial benefits. For taxable years beginning in 2017, under § 170, the $5, $25, and $50 guidelines in section 3 of Rev. Proc. 90-12, 1990-1 C.B. 471 (as amplified by Rev. Proc. 92-49, 1992-1 C.B. 987, and modified by Rev. Proc. 92-102, 1992-2 C.B. 579), for the value of insubstantial benefits that may be received by a donor in return for a contribution, without causing the contribution to fail to be fully deductible, are $10.70, $53.50, and $107, respectively.

.31 Tax on Insurance Companies Other than Life Insurance Companies. For taxable years beginning in 2017, under § 831(b)(2)(A)(i) the amount of the limit on net written premiums or direct written premiums (whichever is greater) is $2,250,000 to elect the alternative tax for certain small companies under § 831(b)(1) to be taxed only on taxable investment income.

.32 Expatriation to Avoid Tax. For calendar year 2017, under § 877A(g)(1)(A), unless an exception under § 877A(g)(1)(B) applies, an individual is a covered expatriate if the individual's "average annual net income tax" under § 877(a)(2)(A) for the five taxable years ending before the expatriation date is more than $162,000.

.33 Tax Responsibilities of Expatriation. For taxable years beginning in 2017, the amount that would be includible in the gross income of a covered expatriate by reason of § 877A(a)(1) is reduced (but not below zero) by $699,000.

.34 Foreign Earned Income Exclusion. For taxable years beginning in 2017, the foreign earned income exclusion amount under § 911(b)(2)(D)(i) is $102,100.

.35 Unified Credit Against Estate Tax. For an estate of any decedent dying in calendar year 2017, the basic exclusion amount is $5,490,000 for determining the amount of the unified credit against estate tax under § 2010.

.36 Valuation of Qualified Real Property in Decedent's Gross Estate. For an estate of a decedent dying in calendar year 2017, if the executor elects to use the special use valuation method under § 2032A for qualified real property, the aggregate decrease in the value of qualified real property resulting from electing to use § 2032A for purposes of the estate tax cannot exceed $1,120,000.

.37 Annual Exclusion for Gifts.

(1) For calendar year 2017, the first $14,000 of gifts to any person (other than gifts of future interests in property) are not included in the total amount of taxable gifts under § 2503 made during that year.

(2) For calendar year 2017, the first $149,000 of gifts to a spouse who is not a citizen of the United States (other than gifts of future interests in property) are not included in the total amount of taxable gifts under §§ 2503 and 2523(i)(2) made during that year.

.38 Tax on Arrow Shafts. For calendar year 2017, the tax imposed under § 4161(b)(2)(A) on the first sale by the manufacturer, producer, or importer of any shaft of a type used in the manufacture of certain arrows is $0.50 per shaft.

.39 Passenger Air Transportation Excise Tax. For calendar year 2017, the tax under § 4261(b)(1) on the amount paid for each domestic segment of taxable air transportation is $4.10. For calendar year 2017, the tax under § 4261(c)(1) on any amount paid (whether within or without the United States) for any international air transportation, if the transportation begins or ends in the United States, generally is $18. Under § 4261(c)(3), however, a lower amount applies under § 4261(c)(1) to a domestic segment beginning or ending in Alaska or Hawaii, and the tax applies only to departures. For calendar year 2017, the rate is $9.

.40 Requirement to Maintain Minimum Essential Coverage. For calendar year 2017, the applicable dollar amount used to determine the penalty under § 5000A(c) for failure to maintain minimum essential coverage is $695.

.41 Reporting Exception for Certain Exempt Organizations with Nondeductible Lobbying Expenditures. For taxable years beginning in 2017, the annual per person, family, or entity dues limitation to qualify for the reporting exception under § 6033(e)(3) (and section 5.05 of Rev. Proc. 98-19, 1998-1 C.B. 547), regarding certain exempt organizations with nondeductible lobbying expenditures, is $113 or less.

.42 Notice of Large Gifts Received from Foreign Persons. For taxable years beginning in 2017, § 6039F authorizes the Treasury Department and the Internal Revenue Service to require recipients of gifts from certain foreign persons to report these gifts if the aggregate value of gifts received in the taxable year exceeds $15,797.

.43 Persons Against Whom a Federal Tax Lien Is Not Valid. For calendar year 2017, a federal tax lien is not valid against (1) certain purchasers under § 6323(b)(4) who purchased personal property in a casual sale for less than $1,540, or (2) a mechanic's lienor under § 6323(b)(7) who repaired or improved certain residential property if the contract price with the owner is not more than $7,690.

.44 Property Exempt from Levy. For calendar year 2017, the value of property exempt from levy under § 6334(a)(2) (fuel, provisions, furniture, and other household personal effects, as well as arms for personal use, livestock, and poultry) cannot exceed $9,200. The value of property exempt from levy under § 6334(a)(3) (books and tools necessary for the trade, business, or profession of the taxpayer) cannot exceed $4,600.

.45 Interest on a Certain Portion of the Estate Tax Payable in Installments. For an estate of a decedent dying in calendar year 2017, the dollar amount used to determine the "2-percent portion" (for purposes of calculating interest under § 6601(j)) of the estate tax extended as provided in § 6166 is $1,490,000.

.46 Failure to File Tax Return. For tax years beginning in 2017, the amount of the additional tax under § 6651(a) for failure to file a tax return within 60 days of the due date of such return (determined with regard to any extensions of time for filing) shall not be less than the lesser of $210 or 100 percent of the amount required to shown as tax on such returns.

.47 Failure to File Certain Information Returns, Registration Statements, etc. For tax years beginning in 2017, the penalty amounts under § 6652(c) are:

(1) for failure to file a return required under § 6033(a)(1) (relating to returns by exempt organization) or § 6012(a)(6) (relating to returns by political organizations):

Scenario	Daily Penalty	Maximum Penalty
Organization (§ 6652(c)(1)(A))	$20	Lessor of $10,000 or 5% of gross receipts of the organization for the year.
Organization with gross receipts exceeding $1,028,500 (§ 6652(c)(1)(A))	$100	$51,000
Managers (§ 6652(c)(1)(B))	$10	$5,000
Public inspection of annual returns and reports (§ 6652(c)(1)(C))	$20	$10,000
Public inspection of applications for exemption and notice of status (§ 6652(c)(1)(D))	$20	No Limits

(2) for failure to file a return required under § 6034 (relating to returns by certain trust) or § 6043(b) (relating to terminations, etc., of exempt organizations):

Scenario	Daily Penalty	Maximum Penalty
Organization or trust (§ 6652(c)(2)(A))	$10	$5,000

Managers (§ 6652(c)(2)(B))	$10	$5,000
Split-Interest Trust (§ 6652(c)(2)(C)(ii))	$20	$10,000
Any trust with gross receipts exceeding $257,000 (§ 6652(c)(2)(C)(ii))	$100	$51,000

(3) for failure to file a disclosure required under § 6033(a)(2):

Scenario	Daily Penalty	Maximum Penalty
Tax–exempt entity (§ 6652(c)(3)(A))	$100	$51,000
Failure to comply with written demand (§ 6652(c)(3)(B)(ii))	$100	$10,000

.48 Other Assessable Penalties With Respect to the Preparation of Tax Returns for Other Persons. For tax years beginning in 2017, the penalty amounts under § 6695 are:

Scenario	Per Return or Claim for Refund	Maximum Penalty
Failure to furnish copy to taxpayer (§ 6695(a))	$50	$25,500
Failure to sign return (§ 6695(b))	$50	$25,500
Failure to furnish identifying number (§ 6695(c))	$50	$25,500
Failure to retain copy or list (§ 6695(d))	$50	$25,500
Failure to file correct information returns (§ 6695(e))	$50 per return and item in return	$25,500
Negotiation of check (§ 6695(f))	$510 per check	No limit
Failure to be diligent in determining eligibility for child tax credit, American opportunity tax credit, and earned income credit (§ 6695(g))	$510 per return	No limit

.49 Failure to File Partnership Return. For tax years beginning in 2017, the dollar amount used to determine amount of the penalty under § 6698(b)(1) is $200.

.50 Failure to File S Corporation Return. For tax years beginning in 2017, the dollar amount used to determine amount of the penalty under § 6699(b)(1) is $200.

.51 Failure to File Correct Information Returns. For tax years beginning in 2017, the penalty amounts under § 6721 are:

(1) for persons with average annual gross receipts for the most recent three taxable years of more than $5,000,000, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6721(a)(1))	$260	$3,218,500
Corrected on or before 30 days after required filing date (§ 6721(b)(1))	$50	$536,000
Corrected after 30th day but on or before August 1 (§ 6721(b)(2))	$100	$1,609,000

(2) for persons with average annual gross receipts for the most recent three taxable years of $5,000,000 or less, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6721(d)(1)(A))	$260	$1,072,500
Corrected on or before 30 days after required filing date (§ 6721(d)(1)(B))	$50	$187,500
Corrected after 30th day but on or before August 1 (§ 6721(d)(1)(C))	$100	$536,000

(3) for failure to file correct information returns due to intentional disregard of the filing requirement (or the correct information reporting requirement) are:

Scenario	Penalty Per Return	Calendar Year Maximum
Return other than a return required to be filed under §§ 6045(a), 6041A(b), 6050H, 6050I, 6050J, 6050K, or 6050L (§ 6721(e)(2)(A))	Greater of (i) $530, or (ii) 10% of aggregate amount of items required to be reported correctly	No limit
Return required to be filed under §§ 6045(a), 6050K, or 6050L (§ 6721(e)(2)(B))	Greater of (i) $530, or (ii) 5% of aggregate amount of	No limit

	items required to be reported correctly	
Return required to be filed under § 6050I(a) (§ 6721(e)(2)(C))	Greater of (i) $26,820, or (ii) amount of cash received up to $107,000	No limit
Return required to be filed under § 6050V (§ 6721(e)(2)(D))	Greater of (i) $530, or (ii) 10% of the value of the benefit of any contract with respect to which information is required to be included on the return	No limit

.52 Failure to Furnish Correct Payee Statements. For tax years beginning in 2017, the penalty amounts under § 6722 are:

(1) for persons with average annual gross receipts for the most recent three taxable years of more than $5,000,000, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6722(a)(1))	$260	$3,218,500
Corrected on or before 30 days after required filing date (§ 6722(b)(1))	$50	$536,000
Corrected after 30th day but on or before August 1 (§ 6722(b)(2))	$100	$1,609,000

(2) for persons with average annual gross receipts for the most recent 3 taxable years of $5,000,000 or less, for failure to file correct information returns are:

Scenario	Penalty Per Return	Calendar Year Maximum
General Rule (§ 6722(d)(1)(A))	$260	$1,072,500

Corrected on or before 30 days after required filing date (§ 6722(d)(1)(B))	$50	$187,500
Corrected after 30th day but on or before August 1 (§ 6722(d)(1)(C))	$100	$536,000

(3) for failure to file correct payee statements due to intentional disregard of the requirement to furnish a payee statement (or the correct information reporting requirement) are:

Scenario	Penalty Per Return	Calendar Year Maximum
Statement other than a statement required under §§ 6045(b), 6041A(e) (in respect of a return required under § 6041A(b)), 6050H(d), 6050J(e), 6050K(b), or 6050L(c) (§ 6722(e)(2)(A))	Greater of (i) $530, or (ii) 10% of aggregate amount of items required to be reported correctly	No limit
Payee statement required under §§ 6045(b), 6050K(b), or 6050L(c) (§ 6722(e)(2)(B))	Greater of (i) $530, or (ii) 5% of aggregate amount of items required to be reported correctly	No limit

.53 Revocation or Denial of Passport in Case of Certain Tax Delinquencies. For calendar year 2017, the amount of a serious delinquent tax debt under § 7345 is $50,000.

.54 Attorney Fee Awards. For fees incurred in calendar year 2017, the attorney fee award limitation under § 7430(c)(1)(B)(iii) is $200 per hour.

.55 Periodic Payments Received under Qualified Long-Term Care Insurance Contracts or under Certain Life Insurance Contracts. For calendar year 2017, the stated dollar amount of the per diem limitation under § 7702B(d)(4), regarding periodic payments received under a qualified long-term care insurance contract or periodic payments received under a life insurance contract that are treated as paid by reason of the death of a chronically ill individual, is $360.

SECTION 4. EFFECTIVE DATE

.01 General Rule. Except as provided in section 4.02, this revenue procedure applies to taxable years beginning in 2017.

.02 Calendar Year Rule. This revenue procedure applies to transactions or events occurring in calendar year 2017 for purposes of sections 3.07 (rehabilitation expenditures treated as separate new building), 3.08 (low-income housing credit), 3.13 (transportation mainline pipeline construction industry optional expense substantiation rules for payments to employees under accountable plans), 3.20 (private activity bonds volume cap), 3.21 (loan limits on agricultural bonds), 3.22 (general arbitrage rebate rules), 3.23 (safe harbor rules for broker commissions on guaranteed investment contracts or investments purchased for a yield restricted defeasance escrow), 3.32 (expatriation to avoid taxes), 3.35 (unified credit against estate tax), 3.36 (valuation of qualified real property in decedent's gross estate), 3.37 (annual exclusion for gifts), 3.38 (tax on arrow shafts), 3.39 (passenger air transportation excise tax), 3.40 (requirement to maintain minimum essential coverage), 3.43 (persons against whom a federal tax lien is not valid), 3.44 (property exempt from levy), 3.45 (interest on a certain portion of the estate tax payable in installments), 3.53 (revocation or denial of passport in case of certain tax delinquencies), 3.54 (attorney fee awards), and 3.55 (periodic payments received under qualified long-term care insurance contracts or under certain life insurance contracts).

SECTION 5. DRAFTING INFORMATION

The principal author of this revenue procedure is William Ruane of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure, contact Mr. Ruane at (202) 317-4718 (not a toll-free call).