

## Part III

### Administrative, Procedural, and Miscellaneous

26 CFR 601.602: Tax forms and instructions.

(Also Part I, §§ 1, 23, 24, 25A, 32, 42, 59, 62, 63, 132, 135, 137, 146, 147, 148, 151, 179, 213, 220, 221, 512, 513, 877, 877A, 911, 2010, 2032A, 2503, 2523, 4161, 4261, 6033, 6039F, 6323, 6334, 6601, 7430, 7702B; 1.148-5.)

Rev. Proc. 2011-52

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## SECTION 1. PURPOSE

This revenue procedure sets forth inflation adjusted items for 2012.

## SECTION 2. CHANGES

.01 Sections 10909(a)(1) and (b) of the Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, 124 Stat. 119 (PPACA), and § 101(a) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, H.R. 4853, Pub. L. No. 111-312, 124 Stat. 3296 (TRUIRJCA), temporarily designated § 23 of the Code as § 36C. As designated, § 36C provides a temporary refundable adoption credit, and an increase in the maximum adoption credit from \$10,000 (as adjusted for inflation under former § 23(h)) to \$13,170, for taxable years beginning after December 31, 2009, and before January 1, 2012. For taxable years beginning after December 31, 2011, these temporary changes no longer apply. Accordingly, for taxable years beginning after December 31, 2011, the credit is redesignated as § 23 and is no longer refundable. In addition, the maximum adoption credit is \$10,000, as adjusted for inflation. (See section 3.03 of this revenue procedure.)

.02 Section 1151 of the American Recovery and Reinvestment Tax Act of 2009, Tit. I of Div. B of Pub. L. No. 111-5, 123 Stat. 115, and § 727(a) of TRUIRJCA amended § 132(f)(2) of the Code to temporarily increase the amount excludable from gross income for certain employer-provided transportation fringe benefits. For months beginning after February 17, 2009, and before January 1, 2012, the monthly limitation under § 132(f)(2)(A) for transportation in a commuter highway vehicle and any transit pass is the same as the amount in effect under § 132(f)(2)(B) for qualified parking. For

months beginning after December 31, 2011, the temporary increase no longer applies. Accordingly, the monthly limitation under § 132(f)(2)(A) is \$100, as adjusted for inflation. (See section 3.12 of this revenue procedure.)

.03 Section 10909(a)(2) of PPACA and § 101(a) of TRUIRJCA amended § 137(a)(2) and (b)(1) of the Code to temporarily increase the maximum adoption assistance exclusion from \$10,000 (as adjusted for inflation) to \$13,170, for taxable years beginning after December 31, 2009, and before January 1, 2012. Accordingly, for taxable years beginning after December 31, 2011, the maximum exclusion is \$10,000, as adjusted for inflation. (See section 3.14 of this revenue procedure).

.04 Section 402 of TRUIRJCA amended § 179(b)(1) and (2) of the Code to provide that the dollar limitation for the aggregate cost of § 179 property that a taxpayer may elect to expense is \$125,000, and that dollar amount is reduced by the amount the cost of all § 179 property placed into service during the taxable year exceeds \$500,000. For taxable years beginning in 2012, these amounts are adjusted for inflation. Accordingly, these amounts are included in this revenue procedure. (See section 3.20 of this revenue procedure.)

.05 Section 303 of TRUIRJCA amended § 2010(c) of the Code to provide that the basic exclusion amount for determining the amount of the unified credit against estate tax for estates of decedents dying after December 31, 2009, is \$5,000,000. For taxable years beginning after December 31, 2011, this \$5,000,000 amount is adjusted for inflation. Accordingly, this amount is included in this revenue procedure. (See section 3.29 of this revenue procedure.)

.06 Section 202(b)(1) of the Surface and Air Transportation Programs Extension Act of 2011, Pub. L. No. 112-30, 125 Stat. 342, amended § 4261(j)(1)(A)(ii) of the Code (which governs the period of applicability of § 4261(b)(1), (c)(1), and (c)(3)). The effect of that amendment is to temporarily extend the passenger air transportation excise taxes of \$3.00 for domestic travel, \$12.00 for international travel, and \$6.00 for departures beginning or ending in Alaska or Hawaii. These excise taxes apply to transportation taken through January 31, 2012. In addition, these excise taxes apply to amounts paid on or before January 31, 2012, for transportation taken after that date. The \$3.00, \$12.00, and \$6.00 amounts are adjusted for inflation. Accordingly, these amounts are included in this revenue procedure. (See section 3.33 of this revenue procedure.)

### SECTION 3. 2012 ADJUSTED ITEMS

.01 Tax Rate Tables. For taxable years beginning in 2012, the tax rate tables under § 1 are as follows:

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

| <u>If Taxable Income Is:</u>          | <u>The Tax Is:</u>                             |
|---------------------------------------|--|
| Not over \$17,400                     | 10% of the taxable income                      |
| Over \$17,400 but not over \$70,700   | \$1,740 plus 15% of the excess over \$17,400   |
| Over \$70,700 but not over \$142,700  | \$9,735 plus 25% of the excess over \$70,700   |
| Over \$142,700 but not over \$217,450 | \$27,735 plus 28% of the excess over \$142,700 |

|                                       |   |
|---------------------------------------|---|
| Over \$217,450 but not over \$388,350 | \$48,665 plus 33% of the excess over \$217,450  |
| Over \$388,350                        | \$105,062 plus 35% of the excess over \$388,350 |

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

| <u>If Taxable Income Is:</u>          | <u>The Tax Is:</u>                              |
|---------------------------------------|---|
| Not over \$12,400                     | 10% of the taxable income                       |
| Over \$12,400 but not over \$47,350   | \$1,240 plus 15% of the excess over \$12,400    |
| Over \$47,350 but not over \$122,300  | \$6,482.50 plus 25% of the excess over \$47,350 |
| Over \$122,300 but not over \$198,050 | \$25,220 plus 28% of the excess over \$122,300  |
| Over \$198,050 but not over \$388,350 | \$46,430 plus 33% of the excess over \$198,050  |
| Over \$388,350                        | \$109,229 plus 35% of the excess over \$388,350 |

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

| <u>If Taxable Income Is:</u>         | <u>The Tax Is:</u>                               |
|--------------------------------------|--|
| Not over \$8,700                     | 10% of the taxable income                        |
| Over \$8,700 but not over \$35,350   | \$870 plus 15% of the excess over \$8,700        |
| Over \$35,350 but not over \$85,650  | \$4,867.50 plus 25% of the excess over \$35,350  |
| Over \$85,650 but not over \$178,650 | \$17,442.50 plus 28% of the excess over \$85,650 |
| Over \$178,650 but                   | \$43,482.50 plus 33% of                          |

|                    |   |
|--------------------|---|
| not over \$388,350 | the excess over \$178,650                             |
| Over \$388,350     | \$112,683.50 plus 35% of<br>the excess over \$388,350 |

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

| <u>If Taxable Income Is:</u>             | <u>The Tax Is:</u>                                   |
|--|--|
| Not over \$8,700                         | 10% of the taxable income                            |
| Over \$8,700 but<br>not over \$35,350    | \$870 plus 15% of<br>the excess over \$8,700         |
| Over \$35,350 but<br>not over \$71,350   | \$4,867.50 plus 25% of<br>the excess over \$35,350   |
| Over \$71,350 but<br>not over \$108,725  | \$13,867.50 plus 28% of<br>the excess over \$71,350  |
| Over \$108,725 but<br>not over \$194,175 | \$24,332.50 plus 33% of<br>the excess over \$108,725 |
| Over \$194,175                           | \$52,531 plus 35% of<br>the excess over \$194,175    |

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

| <u>If Taxable Income Is:</u>          | <u>The Tax Is:</u>                                 |
|---------------------------------------|--|
| Not over \$2,400                      | 15% of the taxable income                          |
| Over \$2,400 but<br>not over \$5,600  | \$360 plus 25% of<br>the excess over \$2,400       |
| Over \$5,600 but<br>not over \$8,500  | \$1,160 plus 28% of<br>the excess over \$5,600     |
| Over \$8,500 but<br>not over \$11,650 | \$1,972 plus 33% of<br>the excess over \$8,500     |
| Over \$11,650                         | \$3,011.50 plus 35% of<br>the excess over \$11,650 |



.02 Unearned Income of Minor Children Taxed as if Parent's Income (the "Kiddie Tax"). For taxable years beginning in 2012, 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 \$950. This amount is the same as the \$950 standard deduction amount provided in section 3.11(2) of this revenue procedure. The same \$950 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 2012 must be more than \$950 but less than \$9,500.

.03 Adoption Credit. For taxable years beginning in 2012, under § 23(a)(3) the credit allowed for an adoption of a child with special needs is \$12,650. For taxable years beginning in 2012, under § 23(b)(1) the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to \$12,650. The available adoption credit begins to phase out under § 23(b)(2)(A) for taxpayers with modified adjusted gross income in excess of \$189,710 and is completely phased out for taxpayers with modified adjusted gross income of \$229,710 or more. (See section 3.14 of this revenue procedure for the adjusted items relating to adoption assistance programs.)

.04 Child Tax Credit. For taxable years beginning in 2012, the value used in § 24(d)(1)(B)(i) to determine the amount of credit under § 24 that may be refundable is \$3,000.

.05 Hope Scholarship, American Opportunity, and Lifetime Learning Credits.

(1) For taxable years beginning in 2012, 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) for taxable years beginning in 2012 is \$2,500.

(2) For taxable years beginning in 2012, a taxpayer's modified adjusted gross income in excess of \$80,000 (\$160,000 for a joint return) is used to determine the reduction under § 25A(d)(2) in the amount of the Hope Scholarship Credit otherwise allowable under § 25A(a)(1). For taxable years beginning in 2012, a taxpayer's modified adjusted gross income in excess of \$52,000 (\$104,000 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).

.06 Earned Income Credit.

(1) In general. For taxable years beginning in 2012, 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 2012.

| <u>Item</u>  | <u>Number of Qualifying Children</u> |            |                      |             |
|--|--------------------------------------|------------|----------------------|-------------|
|  | <u>One</u>                           | <u>Two</u> | <u>Three or More</u> | <u>None</u> |
| Earned Income Amount   | \$9,320                              | \$13,090   | \$13,090             | \$6,210     |
| Maximum Amount of Credit   | \$3,169                              | \$5,236    | \$5,891              | \$475       |
| Threshold Phaseout Amount (Single, Surviving Spouse, or Head of Household) | \$17,090                             | \$17,090   | \$17,090             | \$7,770     |
| Completed Phaseout Amount (Single, Surviving Spouse, or Head of Household) | \$36,920                             | \$41,952   | \$45,060             | \$13,980    |
| Threshold Phaseout Amount (Married Filing Jointly)                         | \$22,300                             | \$22,300   | \$22,300             | \$12,980    |
| Completed Phaseout Amount (Married Filing Jointly)                         | \$42,130                             | \$47,162   | \$50,270             | \$19,190    |

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 2012, the earned income tax credit is not allowed under § 32(i) if the aggregate amount of certain investment income exceeds \$3,200.

.07 Rehabilitation Expenditures Treated as Separate New Building. For calendar year 2012, the per low-income unit qualified basis amount under § 42(e)(3)(A)(ii)(II) is \$6,200.

.08 Low-Income Housing Credit. For calendar year 2012, 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) \$2.20 multiplied by the State population, or (2) \$2,525,000.

.09 Alternative Minimum Tax Exemption for a Child Subject to the "Kiddie Tax." For taxable years beginning in 2012, 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) \$6,950.

.10 Transportation Mainline Pipeline Construction Industry Optional Expense Substantiation Rules for Payments to Employees under Accountable Plans. For calendar year 2012, an eligible employer may pay certain welders and heavy equipment mechanics an amount of up to \$16 per hour for rig-related expenses that is 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 \$10 per hour is deemed substantiated if paid under Rev. Proc. 2002-41.

.11 Standard Deduction.

(1) In general. For taxable years beginning in 2012, 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))               | \$11,900 |
| Heads of Households (§ 1(b))  | \$8,700  |
| Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(c)) | \$5,950  |
| Married Individuals Filing Separate Returns (§ 1(d))                                  | \$5,950  |

(2) Dependent. For taxable years beginning in 2012, 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) \$950, or (2) the sum of \$300 and the individual's earned income.

(3) Aged or blind. For taxable years beginning in 2012, the additional standard deduction amount under § 63(f) for the aged or the blind is \$1,150. These amounts are increased to \$1,450 if the individual is also unmarried and not a surviving spouse.

.12 Qualified Transportation Fringe Benefit. For taxable years beginning in 2012, 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 \$125. The monthly limitation under § 132(f)(2)(B), regarding the fringe benefit exclusion amount for qualified parking, is \$240.

.13 Income from United States Savings Bonds for Taxpayers Who Pay Qualified Higher Education Expenses. For taxable years beginning in 2012, 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 \$109,250 for joint returns and \$72,850 for other returns. The exclusion is

completely phased out for modified adjusted gross income of \$139,250 or more for joint returns and \$87,850 or more for other returns.

.14 Adoption Assistance Programs. For taxable years beginning in 2012, 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 \$12,650. For taxable years beginning in 2012, 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 \$12,650. 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 \$189,710 and is completely phased out for taxpayers with modified adjusted gross income of \$229,710 or more. (See section 3.03 of this revenue procedure for the adjusted items relating to the adoption credit.)

.15 Private Activity Bonds Volume Cap. For calendar year 2012, the amounts used under § 146(d)(1) to calculate the State ceiling for the volume cap for private activity bonds is the greater of (1) \$95 multiplied by the State population, or (2) \$284,560,000.

.16 Loan Limits on Agricultural Bonds. For calendar year 2012, the loan limit amount on agricultural bonds under § 147(c)(2)(A) for first-time farmers is \$488,600.

.17 General Arbitrage Rebate Rules. For bond years ending in 2012, the amount of the computation credit determined under permission to rely on § 1.148-3(d)(4) of the proposed Income Tax Regulations is \$1,550.

.18 Safe Harbor Rules for Broker Commissions on Guaranteed Investment Contracts

or Investments Purchased for a Yield Restricted Defeasance Escrow. For calendar year 2012, 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) \$37,000, 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 \$103,000 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.

.19 Personal Exemption. For taxable years beginning in 2012, the personal exemption amount under § 151(d) is \$3,800.

.20 Election to Expense Certain Depreciable Assets. For taxable years beginning in 2012, under § 179(b)(1)(C) the aggregate cost of any § 179 property a taxpayer may elect to treat as an expense cannot exceed \$139,000. Under § 179(b)(2)(C), the \$139,000 limitation is reduced (but not below zero) by the amount the cost of § 179 property placed in service during the 2012 taxable year exceeds \$560,000.

.21 Eligible Long-Term Care Premiums. For taxable years beginning in 2012, the limitations under § 213(d)(10), regarding eligible long-term care premiums includible in the term "medical care," are as follows:

| <u>Attained Age Before the Close of the Taxable Year</u> | <u>Limitation on Premiums</u> |
|--|-------------------------------|
| 40 or less   | \$350                         |

|                                   |         |
|-----------------------------------|---------|
| More than 40 but not more than 50 | \$660   |
| More than 50 but not more than 60 | \$1,310 |
| More than 60 but not more than 70 | \$3,500 |
| More than 70                      | \$4,370 |

.22 Medical Savings Accounts.

(1) Self-only coverage. For taxable years beginning in 2012, 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 \$2,100 and not more than \$3,150, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed \$4,200.

(2) Family coverage. For taxable years beginning in 2012, the term "high deductible health plan" means, for family coverage, a health plan that has an annual deductible that is not less than \$4,200 and not more than \$6,300, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed \$7,650.

.23 Interest on Education Loans. For taxable years beginning in 2012, 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 \$60,000 (\$125,000 for joint returns), and is completely phased out for taxpayers with modified adjusted gross income of \$75,000 or more (\$155,000 or more for joint returns).

.24 Treatment of Dues Paid to Agricultural or Horticultural Organizations. For taxable



years beginning in 2012, 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 \$151.

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

(1) Low cost article. For taxable years beginning in 2012, the unrelated business income of certain exempt organizations under § 513(h)(2) does not include a "low cost article" of \$9.90 or less.

(2) Other insubstantial benefits. For taxable years beginning in 2012, 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 disregarding the value of insubstantial benefits received by a donor in return for a fully deductible charitable contribution under § 170, are \$9.90, \$49.50, and \$99, respectively.

.26 Expatriation to Avoid Tax. For calendar year 2012, an individual with "average annual net income tax" of more than \$151,000 for the five taxable years ending before the date of the loss of United States citizenship under § 877(a)(2)(A) is a covered expatriate for purposes of § 877A(g)(1).

.27 Tax Responsibilities of Expatriation. For taxable years beginning in 2012, 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 \$651,000.

.28 Foreign Earned Income Exclusion. For taxable years beginning in 2012, the

foreign earned income exclusion amount under § 911(b)(2)(D)(i) is \$95,100.

.29 Unified Credit Against Estate Tax. For an estate of any decedent dying during calendar year 2012, the basic exclusion amount is \$5,120,000 for determining the amount of the unified credit against estate tax under § 2010.

.30 Valuation of Qualified Real Property in Decedent's Gross Estate. For an estate of a decedent dying in calendar year 2012, 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 \$1,040,000.

.31 Annual Exclusion for Gifts.

(1) For calendar year 2012, the first \$13,000 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 2012, the first \$139,000 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.

.32 Tax on Arrow Shafts. For calendar year 2012, 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 \$0.46 per shaft.

.33 Passenger Air Transportation Excise Tax. For calendar year 2012, the tax under § 4261(b)(1) on the amount paid for each domestic segment of taxable air

transportation is \$3.80. For calendar year 2012, the tax under § 4261(c)(1) on any amount paid (whether within or without the United States) for any air transportation, if the transportation begins or ends in the United States, generally is \$16.70. However, for a domestic segment beginning or ending in Alaska or Hawaii as described in § 4261(c)(3), the tax applies only to departures and the rate is \$8.40.

.34 Reporting Exception for Certain Exempt Organizations with Nondeductible Lobbying Expenditures. For taxable years beginning in 2012, 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 \$105 or less.

.35 Notice of Large Gifts Received from Foreign Persons. For taxable years beginning in 2012, recipients of gifts from certain foreign persons may be required to report these gifts under § 6039F if the aggregate value of gifts received in a taxable year exceeds \$14,723.

.36 Persons Against Whom a Federal Tax Lien Is Not Valid. For calendar year 2012, 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 \$1,430, 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 \$7,160.

.37 Property Exempt from Levy. For calendar year 2012, 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

\$8,570. 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 \$4,290.

.38 Interest on a Certain Portion of the Estate Tax Payable in Installments. For an estate of a decedent dying in calendar year 2012, 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 \$1,390,000.

.39 Attorney Fee Awards. For fees incurred in calendar year 2012, the attorney fee award limitation under § 7430(c)(1)(B)(iii) is \$180 per hour.

.40 Periodic Payments Received under Qualified Long-Term Care Insurance Contracts or under Certain Life Insurance Contracts. For calendar year 2012, 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 \$310.

#### SECTION 4. EFFECTIVE DATE

.01 General Rule. Except as provided in section 4.02, this revenue procedure applies to taxable years beginning in 2012.

.02 Calendar Year Rule. This revenue procedure applies to transactions or events occurring in calendar year 2012 for purposes of sections 3.07 (rehabilitation expenditures treated as separate new building), 3.08 (low-income housing credit), 3.10 (transportation mainline pipeline construction industry optional expense substantiation rules for payments to employees under accountable plans), 3.15 (private activity bonds

volume cap), 3.16 (loan limits on agricultural bonds), 3.17 (general arbitrage rebate rules), 3.18 (safe harbor rules for broker commissions on guaranteed investment contracts or investments purchased for a yield restricted defeasance escrow), 3.26 (expatriation to avoid tax), 3.29 (unified credit against estate tax), 3.30 (valuation of qualified real property in decedent's gross estate), 3.31 (annual exclusion for gifts), 3.32 (tax on arrow shafts), 3.33 (passenger air transportation excise tax), 3.36 (persons against whom a federal tax lien is not valid), 3.37 (property exempt from levy), 3.38 (interest on a certain portion of the estate tax payable in installments), 3.39 (attorney fee awards), and 3.40 (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) 622-4920 (not a toll-free call).