

26 CFR 601.602: Tax forms and instructions. 135, 137, 146, 147, 151, 179, 220, 223, 512, 513, 6652, 6695, 6721, 6722.)
 (Also Part I, §§ 1, 23, 32, 42, 45R, 55, 59, 63, 68, 877A, 911, 2010, 4261, 6039F, 6323, 6334, 6651,

Rev. Proc. 2018-18

TABLES OF CONTENTS

| | |
|---|-----|
| SECTION 1. PURPOSE | 393 |
| SECTION 2. CHANGES | 393 |
| SECTION 3. 2018 ADJUSTED ITEMS AS MODIFIED AND SUPERSEDED | 394 |

| | <i>Code Section</i> |
|---|---------------------|
| .01 Tax Rate Tables | 1(a)-(e) |
| .03 Adoption Credit | 23 |
| .05 Earned Income Credit | 32 |
| .08 Low-Income Housing Credit | 42(h) |
| .09 Employee Health Insurance Expense of Small Employers | 45R |
| .10 Exemption Amounts for Alternative Minimum Tax | 55 |
| .11 Alternative Minimum Tax Exemption for a Child Subject to the “Kiddie Tax” | 59(j) |
| .14 Standard Deduction | 63 |
| .15 Overall Limitation on Itemized Deductions | 68 |
| .18 Income from United States Savings Bonds for Taxpayers Who Pay Qualified Higher Education Expenses | 135 |
| .19 Adoption Assistance Programs | 137 |
| .20 Private Activity Bonds Volume Cap | 146(d) |
| .21 Loan Limits on Agricultural Bonds | 147(c)(2) |

| | |
|---|--------|
| .24 Personal Exemption | 151 |
| .25 Election to Expense Certain Depreciable Assets | 179 |
| .27 Medical Savings Accounts | 220 |
| .29 Treatment of Dues Paid to Agricultural or Horticultural Organizations | 512(d) |
| .30 Insubstantial Benefit Limitations for Contributions Associated With Charitable Fund-Raising Campaigns | 513(h) |
| .33 Tax Responsibilities of Expatriation | 877A |
| .34 Foreign Earned Income Exclusion | 911 |
| .35 Unified Credit Against Estate Tax | 2010 |
| .39 Passenger Air Transportation Excise Tax | 4261 |
| .42 Notice of Large Gifts Received from Foreign Persons | 6039F |
| .43 Persons Against Whom a Federal Tax Lien Is Not Valid | 6323 |
| .44 Property Exempt from Levy | 6334 |
| .46 Failure to File Tax Return | 6651 |
| .47 Failure to File Certain Information Returns, Registration Statements, etc. | 6652 |
| .48 Other Assessable Penalties With Respect to the Preparation of Tax Returns for Other Persons | 6695 |
| .51 Failure to File Correct Information Returns | 6721 |
| .52 Failure to Furnish Correct Payee Statements | 6722 |

| | |
|--|-----|
| SECTION 4. 2018 INFLATION ADJUSTED AMOUNTS FOR HEALTH SAVINGS ACCOUNTS UNDER § 223 | 400 |
| SECTION 5. EFFECT ON OTHER DOCUMENTS | 400 |
| SECTION 6. EFFECTIVE DATE | 400 |
| SECTION 7. DRAFTING INFORMATION | 400 |

SECTION 1. PURPOSE

This revenue procedure modifies and supersedes certain sections of Rev. Proc. 2017-58, 2017-45 I.R.B. 489, and supersedes Rev. Proc. 2017-37, 2017-21 I.R.B. 1252, to reflect statutory amendments by An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018, Pub. L. 115-97, 131 Stat. 2504 (the Act).

SECTION 2. CHANGES

.01 Section 11001(a) of the Act amends § 1 to provide a temporary modification to the tax rate tables for taxable years beginning after December 31, 2017, and before January 1, 2026. The Act changes the beginning and ending dollar amounts for the brackets, and replaces the existing tax rates with seven new rates: 10%, 12%, 22%, 24%, 32%, 35%, and 37%.

.02 Section 11001(b) of the Act amends § 6695(g) to include due diligence requirements for return preparers with respect to determining eligibility require-

ments to file as head of household (as defined in section 2(b)) for taxable years beginning after December 31, 2017.

.03 Section 11002 of the Act amends § 1f(3) to provide a permanent cost-of-living adjustment based on the Chained Consumer Price Index for All Urban Consumers (C-CPI-U). Any existing items that are not reset for 2018 will be adjusted for inflation after 2017 based on the C-CPI-U. Items that are reset for 2018 will be adjusted for inflation after 2018 based on the C-CPI-U.

.04 Section 11021 of the Act amends § 63(c)(2) to provide a temporary increase in the basic standard deduction for taxable years beginning after December 31, 2017, and before January 1, 2026. Under § 63(c)(2), the basic standard deduction is: \$12,000 for single individuals and married individuals filing separate returns; \$18,000 for heads of households; and \$24,000 for married individuals filing a joint return and surviving spouses. These amounts will be adjusted for inflation for taxable years beginning after December 31, 2018.

.05 Section 11041 of the Act amends § 151(d) to provide a temporary set dollar

amount of \$0 for the personal exemption deduction, for taxable years beginning after December 31, 2017, and before January 1, 2026.

.06 Section 11046 of the Act amends § 68 to provide a temporary suspension of the limitation on itemized deductions for taxable years beginning after December 31, 2017, and before January 1, 2026.

.07 Section 11061 of the Act amends section § 2010(c)(3) to provide a temporary increase to \$10,000,000 of the estate tax exemption, effective for estates of decedents dying after December 31, 2017, and before January 1, 2026. The \$10,000,000 amount is indexed for inflation for taxable years beginning after December 31, 2017.

.08 Section 12003 of the Act amends § 55(d) to provide a temporary increase of the exemption amounts and the phaseout threshold amounts for the individual alternative minimum tax (AMT), for taxable years beginning after December 31, 2017, and before January 1, 2026. The AMT exemption amounts are increased to \$109,400 for married taxpayers filing a joint return (half this amount for married

taxpayers filing a separate return), and \$70,300 for all other taxpayers (other than estates and trusts). The phaseout threshold amounts are increased to \$1,000,000 for married taxpayers filing a joint return, and \$500,000 for all other taxpayers (other than estates and trusts).

.09 Section 13101 of the Act amends § 179(b) to provide a permanent increase of the maximum amount a taxpayer may expense under § 179(b)(1) to \$1,000,000,

and of the phaseout threshold amount under § 179(b)(2) to \$2,500,000. These amounts will be adjusted for inflation for taxable years beginning after December 31, 2018.

SECTION 3. 2018 ADJUSTED ITEMS AS MODIFIED AND SUPERSEDED

To reflect statutory amendments made by the Act, sections 3.01, 3.03, 3.05, 3.08,

3.09, 3.10, 3.11, 3.14, 3.15, 3.18, 3.19, 3.20, 3.21, 3.24, 3.25, 3.27, 3.29, 3.30, 3.33, 3.34, 3.35, 3.39, 3.42, 3.43, 3.44, 3.46, 3.47, 3.48, 3.51, and 3.52 of Rev. Proc. 2017–58 are modified and superseded to read as follows:

.01 *Tax Rate Tables.* For taxable years beginning in 2018, the tax rate tables under § 1 are as follows:

| TABLE 1 - Section 1(a) - Married Individuals Filing Joint Returns and Surviving Spouses | |
|---|---|
| <i>If Taxable Income Is:</i> | <i>The Tax Is:</i> |
| Not over \$19,050 | 10% of the taxable income |
| Over \$19,050 but not over \$77,400 | \$1,905 plus 12% of the excess over \$19,050 |
| Over \$77,400 but not over \$165,000 | \$8,907 plus 22% of the excess over \$77,400 |
| Over \$165,000 but not over \$315,000 | \$28,179 plus 24% of the excess over \$165,000 |
| Over \$315,000 but not over \$400,000 | \$64,179 plus 32% of the excess over \$315,000 |
| Over \$400,000 but not over \$600,000 | \$91,379 plus 35% of the excess over \$400,000 |
| Over \$600,000 | \$161,379 plus 37% of the excess over \$600,000 |

| TABLE 2 - Section 1(b) – Heads of Households | |
|--|---|
| <i>If Taxable Income Is:</i> | <i>The Tax Is:</i> |
| Not over \$13,600 | 10% of the taxable income |
| Over \$13,600 but not over \$51,800 | \$1,360 plus 12% of the excess over \$13,600 |
| Over \$51,800 but not over \$82,500 | \$5,944 plus 22% of the excess over \$51,800 |
| Over \$82,500 but not over \$157,500 | \$12,698 plus 24% of the excess over \$82,500 |
| Over \$157,500 but not over \$200,000 | \$30,698 plus 32% of the excess over \$157,500 |
| Over \$200,000 but not over \$500,000 | \$44,298 plus 35% of the excess over \$200,000 |
| Over \$500,000 | \$149,298 plus 37% of the excess over \$500,000 |

| TABLE 3 - Section 1(c) – Unmarried Individuals (other than Surviving Spouses and Heads of Households) | |
|---|--|
| <i>If Taxable Income Is:</i> | <i>The Tax Is:</i> |
| Not over \$9,525 | 10% of the taxable income |
| Over \$9,525 but not over \$38,700 | \$952.50 plus 12% of the excess over \$9,525 |
| Over \$38,700 but not over \$82,500 | \$4,453.50 plus 22% of the excess over \$38,700 |
| Over \$82,500 but not over \$157,500 | \$14,089.50 plus 24% of the excess over \$82,500 |
| Over \$157,500 but not over \$200,000 | \$32,089.50 plus 32% of the excess over \$157,500 |
| Over \$200,000 but not over \$500,000 | \$45,689.50 plus 35% of the excess over \$200,000 |
| Over \$500,000 | \$150,689.50 plus 37% of the excess over \$500,000 |

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

| <i>If Taxable Income Is:</i> | <i>The Tax Is:</i> |
|---------------------------------------|---|
| Not over \$9,525 | 10% of the taxable income |
| Over \$9,525 but not over \$38,700 | \$952.50 plus 12% of the excess over \$9,525 |
| Over \$38,700 but not over \$82,500 | \$4,453.50 plus 22% of the excess over \$38,700 |
| Over \$82,500 but not over \$157,500 | \$14,089.50 plus 24% of the excess over \$82,500 |
| Over \$157,500 but not over \$200,000 | \$32,089.50 plus 32% of the excess over \$157,500 |
| Over \$200,000 but not over \$300,000 | \$45,689.50 plus 35% of the excess over \$200,000 |
| Over \$300,000 | \$80,689.50 plus 37% of the excess over \$300,000 |

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

| <i>If Taxable Income Is:</i> | <i>The Tax Is:</i> |
|------------------------------------|---|
| Not over \$2,550 | 10% of the taxable income |
| Over \$2,550 but not over \$9,150 | \$255 plus 24% of the excess over \$2,550 |
| Over \$9,150 but not over \$12,500 | \$1,839 plus 35% of the excess over \$9,150 |
| Over \$12,500 | \$3,011.50 plus 37% of the excess over \$12,500 |

.03 *Adoption Credit.* For taxable years beginning in 2018, under § 23(a) (3) the credit allowed for an adoption of a child with special needs is \$13,810. For taxable years beginning in 2018, under § 23(b)(1) the maximum credit allowed for other adoptions is the amount of qualified adoption expenses up to \$13,810. The available adoption credit begins to phase out under § 23(b) (2)(A) for taxpayers with modified adjusted gross income in excess of \$207,140 and is completely phased out for taxpayers with modified adjusted

gross income of \$247,140 or more. (See section 3.19 of this revenue procedure for the adjusted items relating to adoption assistance programs.)

.05 *Earned Income Credit.*

(1) *In general.* For taxable years beginning in 2018, 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 2018.

| <i>Number of Qualifying Children</i> | <i>Item</i> | <i>Number of Qualifying Children</i> | | | |
|--------------------------------------|--|--------------------------------------|------------|----------------------|-------------|
| | | <i>One</i> | <i>Two</i> | <i>Three or More</i> | <i>None</i> |
| | Earned Income Amount | \$10,180 | \$14,290 | \$14,290 | \$6,780 |
| | Maximum Amount of Credit | \$3,461 | \$5,716 | \$6,431 | \$519 |
| | Threshold Phaseout Amount (Single, Surviving Spouse, or Head of Household) | \$18,660 | \$18,660 | \$18,660 | \$8,490 |
| | Completed Phaseout Amount (Single, Surviving Spouse, or Head of Household) | \$40,320 | \$45,802 | \$49,194 | \$15,270 |
| | Threshold Phaseout Amount (Married Filing Jointly) | \$24,350 | \$24,350 | \$24,350 | \$14,170 |
| | Completed Phaseout Amount (Married Filing Jointly) | \$46,010 | \$51,492 | \$54,884 | \$20,950 |

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 2018, the earned income tax credit is not allowed under § 32(i)(1) if the aggregate amount

of certain investment income exceeds \$3,500.

.08 *Low-Income Housing Credit.* For calendar year 2018, 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) \$2.40 multiplied by the State population, or (2) \$2,760,000.

.09 *Employee Health Insurance Expense of Small Employers.* For taxable years be-

ginning in 2018, the dollar amount in effect under § 45R(d)(3)(B) is \$26,600. 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 2018, the exemption amounts under § 55(d)(1) are:

| | |
|--|-----------|
| Joint Returns or Surviving Spouses | \$109,400 |
| Unmarried Individuals (other than Surviving Spouses) | \$70,300 |
| Married Individuals Filing Separate Returns | \$54,700 |
| Estates and Trusts | \$24,600 |

For taxable years beginning in 2018, under § 55(b)(1), the excess taxable income above which the 28 percent tax rate applies is:

| | |
|---|-----------|
| Married Individuals Filing Separate Returns | \$95,550 |
| Joint Returns, Unmarried Individuals (other than surviving spouses), and Estates and Trusts | \$191,100 |

For taxable years beginning in 2018, the amounts used under § 55(d)(3) to determine the phaseout of the exemption amounts are:

| | |
|--|-------------|
| Joint Returns or Surviving Spouses | \$1,000,000 |
| Unmarried Individuals (other than Surviving Spouses) | \$500,000 |
| Married Individuals Filing Separate Returns and Estates and Trusts | \$500,000 |

.11 *Alternative Minimum Tax Exemption for a Child Subject to the "Kiddie Tax."* For taxable years beginning in 2018, 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) \$7,600.

(1) *In general.* For taxable years beginning in 2018, the standard deduction amounts under § 63(c)(2) are as follows:

.14 *Standard Deduction.*

| <i>Filing Status</i> | <i>Standard Deduction</i> |
|---|---------------------------|
| Married Individuals Filing Joint Returns and Surviving Spouses (§ 1(a)) | \$24,000 |
| Heads of Households (§ 1(b)) | \$18,000 |
| Unmarried Individuals (other than Surviving Spouses and Heads of Households) (§ 1(c)) | \$12,000 |
| Married Individuals Filing Separate | \$12,000 |

Returns (§ 1(d))

(2) *Dependent.* For taxable years beginning in 2018, 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 2018, the additional standard deduction amount under § 63(f) for the aged or the blind is \$1,300. The additional

standard deduction amount is increased to \$1,600 if the individual is also unmarried and not a surviving spouse.

.15 *Overall Limitation on Itemized Deductions.* For taxable years beginning in 2018, the overall limitation on itemized deductions under § 68 does not apply.

.18 *Income from United States Savings Bonds for Taxpayers Who Pay Qualified Higher Education Expenses.* For taxable years beginning in 2018, 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 \$119,300 for joint returns and \$79,550 for all other returns. The exclusion is completely phased out for modified adjusted gross income of \$149,300 or more for joint returns and \$94,550 or more for all other returns.

.19 *Adoption Assistance Programs.* For taxable years beginning in 2018, 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 \$13,810. For taxable years beginning in 2018, 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 \$13,810. 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 \$207,140 and is completely phased out for taxpayers with modified adjusted gross income of \$247,140 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 2018, the amounts used under § 146(d) to calculate the State ceiling for the volume cap for private activity bonds is the greater of (1) \$105 multiplied by the State population, or (2) \$310,710,000.

.21 *Loan Limits on Agricultural Bonds.* For calendar year 2018, the loan limit amount on agricultural bonds under § 147(c)(2)(A) for first-time farmers is \$533,500.

.24 *Personal Exemption.* For taxable years beginning in 2018, the personal exemption amount under § 151(d) is \$0.

.25 *Election to Expense Certain Depreciable Assets.* For taxable years beginning in 2018, under § 179(b)(1), the aggregate cost of any § 179 property that a taxpayer elects to treat as an expense cannot exceed \$1,000,000. Under § 179(b)(2), the \$1,000,000 limitation is reduced (but not below zero) by the amount the cost of § 179 property placed in service during the 2018 taxable year exceeds \$2,500,000.

.27 *Medical Savings Accounts.*

(1) *Self-only coverage.* For taxable years beginning in 2018, 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 \$2,300 and not more than \$3,450, and under which the annual out-of-pocket expenses required to be paid (other than for premi-

ums) for covered benefits do not exceed \$4,550.

(2) *Family coverage.* For taxable years beginning in 2018, the term "high deductible health plan" means, for family coverage, a health plan that has an annual deductible that is not less than \$4,550 and not more than \$6,850, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed \$8,400.

.29 *Treatment of Dues Paid to Agricultural or Horticultural Organizations.* For taxable years beginning in 2018, 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 \$165.

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

(1) *Low cost article.* For taxable years beginning in 2018, for purposes of defining the term "unrelated trade or business" for certain exempt organizations under § 513(h)(2), "low cost articles" are articles costing \$10.80 or less.

(2) *Other insubstantial benefits.* For taxable years beginning in 2018, 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 \$10.80, \$54.00, and \$108, respectively.

.33 *Tax Responsibilities of Expatriation.* For taxable years beginning in 2018, 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 \$711,000.

.34 *Foreign Earned Income Exclusion.* For taxable years beginning in 2018, the foreign earned income exclusion amount under § 911(b)(2)(D)(i) is \$103,900.

.35 *Unified Credit Against Estate Tax.* For an estate of any decedent dying in calendar year 2018, the basic exclusion amount is **\$11,180,000** for determining the amount of the unified credit against estate tax under § 2010.

.39 *Passenger Air Transportation Excise Tax.* For calendar year 2018, the tax under § 4261(b)(1) on the amount paid for each domestic segment of taxable air transportation is \$4.10. For calendar year 2018, 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 \$18.30. 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 2018, the rate is \$9.10.

.42 *Notice of Large Gifts Received from Foreign Persons.* For taxable years beginning in 2018, § 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 \$16,076.

.43 *Persons Against Whom a Federal Tax Lien Is Not Valid.* For calendar year 2018, 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 \$1,560, 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 \$7,820.

.44 *Property Exempt from Levy.* For calendar year 2018, 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 \$9,360. 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 \$4,680.

.46 *Failure to File Tax Return.* In the case of any return required to be filed in 2019, the amount of the addition to 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 be shown as tax on such returns.

47 Failure to File Certain Information Returns, Registration Statements, etc. (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): For returns required to be filed in 2019, the penalty amounts under § 6652(c) are:

| 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 \$1,046,500 (§ 6652(c)(1)(A)) | \$100 | \$52,000 |
| 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 trusts) 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 \$261,500 (§ 6652(c)(2)(C)(ii)) | \$100 | \$52,000 |

(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 | \$52,000 |
| 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. In the case of any failure relating to a return or claim for refund filed in 2019, the penalty amounts under § 6695 are:

| Scenario | Per Return or Claim for Refund | Maximum Penalty |
|--|------------------------------------|-----------------|
| Failure to furnish copy to taxpayer (§ 6695(a)) | \$50 | \$26,000 |
| Failure to sign return (§ 6695(b)) | \$50 | \$26,000 |
| Failure to furnish identifying number (§ 6695(c)) | \$50 | \$26,000 |
| Failure to retain copy or list (§ 6695(d)) | \$50 | \$26,000 |
| Failure to file correct information returns (§ 6695(e)) | \$50 per return and item in return | \$26,000 |
| Negotiation of check (§ 6695(f)) | \$520 per check | No limit |
| Failure to be diligent in determining eligibility for head of household filing status, child tax credit, American opportunity tax credit, and earned income credit (§ 6695(g)) | \$520 per return | No limit |

51 Failure to File Correct Information Returns. In the case of any failure relating to a return required to be filed in 2019, 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, returns are:
for failure to file correct information

| Scenario | Penalty Per Return | Calendar Year Maximum |
|---|--------------------|-----------------------|
| General Rule (§ 6721(a)(1)) | \$270 | \$3,275,500 |
| Corrected on or before 30 days after required filing date (§ 6721(b)(1)) | \$50 | \$545,500 |
| Corrected after 30 th day but on or before August 1 (§ 6721(b)(2)) | \$100 | \$1,637,500 |

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

| Scenario | Penalty Per Return | Calendar Year Maximum |
|--|--------------------|-----------------------|
| General Rule (§ 6721(d)(1)(A)) | \$270 | \$1,091,500 |
| Corrected on or before 30 days after required filing date (§ 6721(d)(1)(B)) | \$50 | \$191,000 |
| Corrected after 30 th day but on or before August 1 (§ 6721(d)(1)(C)) | \$100 | \$545,500 |

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

| 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) \$540, 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) \$540, or (ii) 5% of aggregate amount of items required to be reported correctly | No limit |
| Return required to be filed under § 6050I(a) (§ 6721(e)(2)(C)) | Greater of (i) \$27,290, or (ii) amount of cash received up to \$109,000 | No limit |
| Return required to be filed under § 6050V (§ 6721(e)(2)(D)) | Greater of (i) \$540, 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* (1) for persons with average annual returns are:
Statements. In the case of any failure relating gross receipts for the most recent three
to a statement required to be furnished in taxable years of more than \$5,000,000,
2019, the penalty amounts under § 6722 are: for failure to file correct information

| Scenario | Penalty Per Return | Calendar Year Maximum |
|---|--------------------|-----------------------|
| General Rule (§ 6722(a)(1)) | \$270 | \$3,275,500 |
| Corrected on or before 30 days after required filing date (§ 6722(b)(1)) | \$50 | \$545,500 |
| Corrected after 30 th day but on or before August 1 (§ 6722(b)(2)) | \$100 | \$1,637,500 |

(2) for persons with average annual ure to file correct information returns are:
gross receipts for the most recent 3 tax-
able years of \$5,000,000 or less, for fail-

| Scenario | Penalty Per Return | Calendar Year Maximum |
|--|--------------------|-----------------------|
| General Rule (§ 6722(d)(1)(A)) | \$270 | \$1,091,500 |
| Corrected on or before 30 days after required filing date (§ 6722(d)(1)(B)) | \$50 | \$191,000 |
| Corrected after 30 th day but on or before August 1 (§ 6722(d)(1)(C)) | \$100 | \$545,500 |

(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) \$540, 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) \$540, or (ii) 5% of aggregate amount of items required to be reported correctly | No limit |

SECTION 4. 2018 INFLATION ADJUSTED AMOUNTS FOR HEALTH SAVINGS ACCOUNTS UNDER § 223

Annual contribution limitation. For calendar year 2018, the annual limitation on deductions under § 223(b)(2)(A) for an individual with self-only coverage under a high deductible health plan is \$3,450. For calendar year 2018, the annual limitation on deductions under § 223(b)(2)(B) for an individual with family coverage under a high deductible health plan is \$6,850.

High deductible health plan. For calendar year 2018, a “high deductible health plan” is defined under § 223(c)(2)(A) as a health plan with an annual deductible that is not less than \$1,350 for self-only coverage or \$2,700 for family coverage, and the annual out-of-pocket expenses (deductibles, co-payments, and other amounts, but not premiums) do not ex-

ceed \$6,650 for self-only coverage or \$13,300 for family coverage.

SECTION 5. EFFECT ON OTHER DOCUMENTS

This revenue procedure modifies and supersedes sections 3.01, 3.03, 3.05, 3.08, 3.09, 3.10, 3.11, 3.14, 3.15, 3.18, 3.19, 3.20, 3.21, 3.24, 3.25, 3.27, 3.29, 3.30, 3.33, 3.34, 3.35, 3.39, 3.42, 3.43, 3.44, 3.46, 3.47, 3.48, 3.51 and 3.52 of Rev. Proc. 2017–58.

This revenue procedure also supersedes Rev. Proc. 2017–37.

SECTION 6. EFFECTIVE DATE

.01 *General Rule.* Sections 3.01, 3.03, 3.05, 3.09, 3.10, 3.11, 3.14, 3.15, 3.18, 3.19, 3.24, 3.25, 3.27, 3.29, 3.30, 3.33, 3.34, 3.42, 3.46, 3.47, 3.48, 3.51 and 3.52 of Rev. Proc. 2017–58 are modified and superseded for taxable years beginning in 2018.

.02 *Calendar Year Rule.* Sections 3.08 (low-income housing credit), 3.20 (private activity bonds volume cap), 3.21 (loan limits on agricultural bonds), 3.35 (unified credit against estate tax), 3.39 (passenger air transportation excise tax), 3.43 (persons against whom a federal tax lien is not valid), and 3.44 (property exempt from levy) of Rev. Proc. 2017–58 are modified and superseded for transactions or events occurring during calendar year 2018. Section 4 of this revenue procedure is effective for calendar year 2018.

SECTION 7. 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 number).