

Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

Section 42.—Low-Income Housing Credit

Low-income housing credit; satisfactory bond; “bond factor” amounts for the period October through December 2003. This ruling announces the monthly bond factor amounts to be used by taxpayers who dispose of qualified low-income buildings or interests therein during the period October through December 2003. This ruling also provides a summary of the bond factor amounts for dispositions occurring during the period January through September 2003.

Rev. Rul. 2003-117

In Rev. Rul. 90-60, 1990-2 C.B. 3, the Internal Revenue Service provided

guidance to taxpayers concerning the general methodology used by the Treasury Department in computing the bond factor amounts used in calculating the amount of bond considered satisfactory by the Secretary under § 42(j)(6) of the Internal Revenue Code. It further announced that the Secretary would publish in the Internal Revenue Bulletin a table of bond factor amounts for dispositions occurring during each calendar month.

Rev. Proc. 99-11, 1999-1 C.B. 275, established a collateral program as an alternative to providing a surety bond for taxpayers to avoid or defer recapture of the low-income housing tax credits under § 42(j)(6). Under this program, taxpayers may establish a Treasury Direct Account and pledge certain United States Treasury

securities to the Internal Revenue Service as security.

This revenue ruling provides in Table 1 the bond factor amounts for calculating the amount of bond considered satisfactory under § 42(j)(6) or the amount of United States Treasury securities to pledge in a Treasury Direct Account under Rev. Proc. 99-11 for dispositions of qualified low-income buildings or interests therein during the period October through December 2003. Table 1 also provides a summary of the bond factor amounts for dispositions occurring during the period January through September 2003.

Table 1 Rev. Rul. 2003-117 Monthly Bond Factor Amounts for Dispositions Expressed As a Percentage of Total Credits											
	Calendar Year Building Placed in Service or, if Section 42(f)(1) Election Was Made, the Succeeding Calendar Year										
Month of Disposition	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Jan '03	16.23	30.04	41.83	51.93	60.50	60.24	60.12	60.11	60.18	60.39	60.62
Feb '03	16.23	30.04	41.83	51.93	60.50	60.09	59.97	59.96	60.03	60.24	60.47
Mar '03	16.23	30.04	41.83	51.93	60.50	59.94	59.82	59.82	59.89	60.10	60.33
Apr '03	16.23	30.04	41.83	51.93	60.50	59.79	59.68	59.68	59.75	59.96	60.20
May '03	16.23	30.04	41.83	51.93	60.50	59.65	59.54	59.54	59.61	59.83	60.07
Jun '03	16.23	30.04	41.83	51.93	60.50	59.51	59.40	59.40	59.48	59.70	59.95
Jul '03	16.23	30.04	41.83	51.93	60.50	59.37	59.27	59.27	59.35	59.58	59.83
Aug '03	16.23	30.04	41.83	51.93	60.50	59.24	59.14	59.14	59.23	59.45	59.72
Sep '03	16.23	30.04	41.83	51.93	60.50	59.11	59.01	59.02	59.10	59.34	59.60
Oct '03	15.43	28.55	39.76	49.36	57.50	55.51	54.87	54.34	53.89	53.57	53.29
Nov '03	15.43	28.55	39.76	49.36	57.50	55.39	54.76	54.23	53.78	53.47	53.20
Dec '03	15.43	28.55	39.76	49.36	57.50	55.28	54.64	54.12	53.68	53.38	53.12

Table 1 (cont'd)
Rev. Rul. 2003-117
Monthly Bond Factor Amounts for Dispositions Expressed
As a Percentage of Total Credits

Month of Disposition	Calendar Year Building Placed in Service or, if Section 42(f)(1) Election Was Made, the Succeeding Calendar Year									
	2000	2001	2002	2003						
Jan '03	60.89	61.55	62.49	62.68						
Feb '03	60.75	61.41	62.33	62.68						
Mar '03	60.62	61.27	62.19	62.68						
Apr '03	60.49	61.15	62.06	62.68						
May '03	60.37	61.04	61.96	62.68						
Jun '03	60.26	60.93	61.86	62.68						
Jul '03	60.15	60.83	61.77	62.68						
Aug '03	60.05	60.74	61.70	62.68						
Sep '03	59.95	60.65	61.63	62.68						
Oct '03	53.09	53.21	53.58	54.15						
Nov '03	53.01	53.15	53.54	54.15						
Dec '03	52.94	53.09	53.50	54.15						

For a list of bond factor amounts applicable to dispositions occurring during other calendar years, see: Rev. Rul. 98-3, 1998-1 C.B. 248; Rev. Rul. 2001-2, 2001-1 C.B. 255; Rev. Rul. 2001-53, 2001-2 C.B. 488; and Rev. Rul. 2002-72, 2002-2 C.B. 759.

DRAFTING INFORMATION

The principal author of this revenue ruling is Gregory N. Doran of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling, contact Mr. Doran at (202) 622-3040 (not a toll-free call).

Section 61.—Gross Income Defined

26 CFR 1.61-1: Gross income. (Also § 104, 130, 139, 451; 1.451-2.)

Gross income; compensation for injuries or sickness; disaster relief payments. Taxpayers are informed of the tax treatment under sections 61, 104, 130, and 139 of the Code of periodic payments to

claimants of the September 11th Victim Compensation Fund.

Rev. Rul. 2003-115

ISSUES

(1) Are periodic payments made to a claimant of the September 11th Victim Compensation Fund of 2001 (Fund) pursuant to an Award Determination Agreement among the claimant, the Special Master, and an assignment company (Agreement) excluded from the gross income of the claimant under §§ 139(f) and 104(a)(2) of the Internal Revenue Code?

(2) Is the amount transferred by the United States to an assignment company pursuant to an Agreement and in exchange for the assignment company's assuming the United States' obligation to make periodic payments to a claimant excluded from the gross income of the assignment company under § 130(a)?

FACTS

On September 11, 2001, terrorist-related airline crashes occurred in New York,

Virginia, and Pennsylvania. Following the attacks, the United States Government, under Title IV of the Air Transportation Safety and System Stabilization Act (Act), Pub. L. No. 107-42, 115 Stat. 230 (2001), created the Fund. The Act authorizes an award of compensation to any individual physically injured and to the personal representative of any individual killed as a result of the September 11th terrorist-related airline crashes.

To receive an award, a claimant must file a claim with the Fund no later than December 22, 2003. The Special Master, appointed under section 404 of the Act to administer the Fund, reviews the claim and notifies the claimant of any additional information needed to process the claim. Once the Special Master receives sufficient information to make an initial evaluation of the claim, the Special Master determines the claim to be substantially complete and notifies the claimant by letter. When a claim is determined to be substantially complete, the claimant is deemed to have waived any right to file a civil action or be a party to an action in any federal or state court for damages sustained