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SECTION 1. PURPOSE

The purpose of this revenue procedure is to provide procedures for taxpayers to make, withdraw, or identify deposits to suspend the running of interest on potential underpayments under new section 6003 of the Internal Revenue Code. This revenue procedure supersedes Rev. Proc. 84-51, 1984-2 CB 307, which provides procedures for taxpayers to make remittances to suspend the running of interest on deficiencies. This revenue procedure also includes comments from the public regarding rules and standards relating to new section 6002.

SECTION 2. BACKGROUND

21 The American Jobs Creation Act of 2004 (Pub. L. No. 108-357, 118 Stat. 1418 (the "Act"), enacted on October 22, 2004, added new section 6003 to the Code. Section 6003(a) provides that a taxpayer may make a deposit with the Service to suspend the running of interest under section 6002 on a potential underpayment of tax. A taxpayer may make such a deposit with respect to certain underpayments of tax that have not been assessed as of the date of the deposit.

22 Section 6003(b) provides that a taxpayer may make a deposit with the Service that may be used by the Secretary to pay any income, gift, estate, or generation-skipping taxes assessed on the taxpayer under the Code, or certain excise taxes assessed on the taxpayer under the Code. Section 6003(c) provides that, in the event that a deposit is made by the Service to pay tax, the tax shall be treated as paid on the date the deposit is made for purposes of computing interest on underpayments under section 6002.

23 Section 6003(d) provides that the Service will return to the taxpayer any amount of a deposit that the taxpayer requests to which the interest under the Code has not yet been paid. The Service determines the date of return of the deposit on the basis of the date the deposit is made. Section 6003(e) provides that the amount of interest in the Federal short-term rate determined under section 6021(c), compounded daily.

24 Section 6003(f) defines a "reasonable belief" as the amount of tax calculated as the time of deposit as the taxpayer's reasonable estimate of the maximum amount of tax assessable or disposable items. Section 6003(g)(1) defines a "reasonable belief" as an amount of income, gift, tax, deduction or credit of the taxpayer that is a reasonable basis for the treatment of such tax and reasonably believes that the Service also has a reasonable basis for disallowing the taxpayer's claim of such tax. If a taxpayer has been issued a 30-day letter, the amount of disposable tax is a reasonable belief. The amount of the proposed deficiency is the belief.

25 Interest allowable under section 6003(c) on a deposit returned to the taxpayer will not establish a period for which interest is allowable at the applicable Federal short-term rate for purposes of establishing a net zero interest rate for the same period under section 6021(c). See IRB, Cont. Rev. No. 755, 10th Comp. 24 (June 4, 2004).

26 Rev. Proc. 84-58 provides procedures for taxpayers to make remittances, or "deposits in the nature of a cash bond," to suspend the running of interest on deficiencies. Under Rev. Proc. 84-58, a deposit in the nature of a cash bond is not a payment of tax, is not subject to a claim for credit or refund, and, if returned to the taxpayer, does not bear interest under section 6002. The purpose of this revenue procedure is to provide for the use of a deposit in the nature of a cash bond to suspend the running of interest on deficiencies. On the date of enactment (October 22, 2004), the date the taxpayer identifies the amount as a deposit in the nature of a cash bond shall be treated as the date the amount is deposited for purposes of section 6002.

27 The legislative history for section 6003 provides that the Secretary may issue rules relating to the making, use, and return of the deposits. See IRB, Cont. Rev. No. 755, 10th Comp. 24 (June 4, 2004). The following procedures implement the requirements of section 6003.

SECTION 3. SCOPE

This revenue procedure applies to remittances made to stop the running of interest on deficiencies, including remittances treated as deposits under section 6002.

SECTION 4. PROCEDURES FOR MAKING DEPOSITS UNDER SECTION 6002, TREATMENT OF OTHER REMITTANCES

4.1 In General.

(1) A taxpayer may make a deposit under section 6003 by sending to the Internal Revenue Service Center at which the taxpayer is required to file a return, or to the appropriate office at which the taxpayer's return is under examination, a check or a money order accompanied by a written statement designating the remittance as a deposit. The written statement also must include:

- (a) The taxpayer's name;
- (b) The taxpayer's SSN;
- (c) The statement described in section 7.02 identifying the amount of and basis for the disposable tax.