

# Internal Revenue Bulletin

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26 CFR 601.201: Rulings and determination letters.  
(Also Part I, Section 404; 1.404(a)-12.)

Advance rulings will be issued with respect to the application of the doctrine of constructive receipt to unfunded deferred compensation arrangements if the plan meets certain requirements.

## Rev. Proc. 71-19

### SECTION 1. PURPOSE.

The purpose of this Revenue Procedure is to set forth the conditions, or circumstances, under which the Internal Revenue Service will issue advance rulings concerning the application of the doctrine of constructive receipt to unfunded deferred compensation arrangements.

### SEC. 2. BACKGROUND.

In 1960, the Internal Revenue Service issued Revenue Ruling 60-31, C.B. 1960-1, 174, to provide guidelines concerning the application of the doctrine of constructive receipt to certain deferred compensation arrangements. Revenue Ruling 60-31 was modified by Revenue Ruling 64-279, C.B. 1964-2, 121, and Revenue Ruling 70-435, C.B. 1970-2, 100.

### SEC. 3. REQUESTS FOR RULINGS.

In each case involving a deferral of compensation, a determination of whether the doctrine of constructive receipt is applicable may be made only after consideration of the specific factual situation involved. A ruling letter will be issued concerning unfunded deferred compensation arrangements only if the plan meets the following requirements:

.01 If the plan provides for an election to defer payment of compensation, such election must be made before the beginning of the period of service for which the compensation is payable, regardless of the existence in the plan of forfeiture provisions.

.02 If any elections, other than the initial election referred to in .01 above, may be made by an employee subsequent to the beginning of the service period the plan must set forth substantial forfeiture provisions that must remain in effect throughout the entire

period of the deferral. A substantial forfeiture provision will not be considered to exist unless its conditions impose upon the employee a significant limitation or duty which will require a meaningful effort on the part of the employee to fulfill and there is a definite possibility that the event which will cause the forfeiture could occur.

### SEC. 4. INSTRUCTIONS.

The general procedures of Revenue Procedure 69-1, C.B. 1969-1, 381, re-

## Statement of Organization and Functions<sup>1</sup>

This material supersedes the statements on organization and functions published at 35 F.R. 2417-2456 and 35 F.R. 13532 [C.B. 1970-1, 442 and C.B. 1970-2, 513].

RANDOLPH W. THROWER,  
*Commissioner of Internal Revenue*  
Dated: January 11, 1971.

### 1100 Organization and Staffing

#### 1110 ORGANIZATION AND FUNCTIONS OF THE INTERNAL REVENUE SERVICE

#### 1111 Establishment of the Internal Revenue Service

##### 1111.1 MISSION

The mission of the Service is to encourage and achieve the highest possible degree of voluntary compliance with the tax laws and regulations and to maintain the highest degree of public confidence in the integrity and efficiency of the Service. This includes communicating the requirements of the law to the public, determining the extent of compliance and causes of non-compliance, and doing all things needful to a proper enforcement of the law.

##### 1111.2 ORGANIC ACT

(1) The office of the Commissioner of Internal Revenue was established by an act of Congress (12 Stat. 432) on

<sup>1</sup> 36 F.R. 849

relating to the issuance of rulings and determination letters are applicable to requests relating to unfunded deferred compensation arrangements to the extent not covered by this Revenue Procedure.

### SEC. 5. EFFECTIVE DATE.

This Revenue Procedure is effective on June 21, 1971, the date of its publication in the Internal Revenue Bulletin.

July 1, 1862, and the first Commissioner of Internal Revenue took office on July 17, 1862.

(2) The act of July 1 provided:

“ . . . That, for the purpose of superintending the collection of internal duties, stamp duties, licenses, or taxes imposed by this Act, or which may be hereafter imposed, and of assessing the same, an office is hereby created in the Treasury Department to be called the office of the Commissioner of the Internal Revenue; . . . Commissioner of Internal Revenue, . . . shall be charged, and hereby is charged, under the direction of the Secretary of the Treasury, with preparing all the instructions, regulations, directions, forms, blanks, stamps, and licenses, and distributing the same or any part thereof, and all other matters pertaining to the assessment and collection of the duties, stamp duties, licenses, and taxes, which may be necessary to carry this Act into effect, and with the general superintendence of his office, as aforesaid, and shall have authority, and hereby is authorized and required, to provide proper and sufficient stamps or dies for expressing and denoting the several stamp duties, or the amount thereof in the case of percentage duties, imposed by this Act, and to alter and renew or replace such stamps from time to time, as occasion shall require; . . . ”

(3) By common parlance and understanding of the time, an office of the importance of the office of Commissioner of Internal Revenue was a bureau. The Secretary of the Treasury