

§ 54.4971-1

26 CFR Ch. I (4-1-02 Edition)

- 54.4975-14 Election to pay an excise tax for certain pre-1975 prohibited transactions.
- 54.4975-15 Other transitional rules.
- 54.4976-1T Questions and answers relating to taxes with respect to welfare benefit funds (temporary).
- 54.4977-1T Questions and answers relating to the election concerning lines of business in existence on January 1, 1984 (temporary).
- 54.4978-1T Questions and answers relating to the tax on certain dispositions by employee stock ownership plans and certain cooperatives (temporary).
- 54.4979-0 Excise tax on certain excess contributions and excess aggregate contributions; table of contents.
- 54.4979-1 Excise tax on certain excess contributions and excess aggregate contributions.
- 54.4980B-0 Table of contents.
- 54.4980B-1 CORBA in general.
- 54.4980B-2 Plans that must comply.
- 54.4980B-3 Qualified beneficiaries.
- 54.4980B-4 Qualifying events.
- 54.4980B-5 CORBA continuation coverage.
- 54.4980B-6 Electing COBRA continuation coverage.
- 54.4980B-7 Duration of CORBA continuation coverage.
- 54.4980B-8 Paying for COBRA continuation coverage.
- 54.4980B-9 Business reorganizations and employer withdrawals from multiemployer plans.
- 54.4980B-10 Interaction of FMLA and COBRA.
- 54.4981A-1T Tax on excess distributions and excess accumulations (temporary).
- 54.6011-1 General requirement of return, statement, or list.
- 54.6011-1T General requirement of return, statement, or list (temporary).
- 54.9801-1T Basis and scope (temporary).
- 54.9801-2T Definitions (temporary).
- 54.9801-3T Limitations on preexisting condition exclusion period (temporary).
- 54.9801-4T Rules relating to creditable coverage (temporary).
- 54.9801-5T Certification and disclosure of previous coverage (temporary).
- 54.9801-6T Special enrollment periods (temporary).
- 54.9802-1 Prohibiting discrimination against participants and beneficiaries based on a health factor.
- 54.9802-1T Prohibiting discrimination against participants and beneficiaries based on a health factor (temporary).
- 54.9811-1T Standards relating to benefits for mothers and newborns (temporary).
- 54.9812-1T Parity in the application of certain limits to mental health benefits (temporary).
- 54.9831-1T Special rules relating to group health plans (temporary).
- 54.9833-1T Effective dates (temporary).

- AUTHORITY: 26 U.S.C. 7805, unless otherwise noted;
- Section 54.4981A-1T is also issued under 26 U.S.C. 4981A.
- Section 54.4980B-1 also issued under 26 U.S.C. 4980B.
- Section 54.4980B-2 also issued under 26 U.S.C. 4980B.
- Section 54.4980B-3 also issued under 26 U.S.C. 4980B.
- Section 54.4980B-4 also issued under 26 U.S.C. 4980B.
- Section 54.4980B-5 also issued under 26 U.S.C. 4980B.
- Section 54.4980B-6 also issued under 26 U.S.C. 4980B.
- Section 54.4980B-7 also issued under 26 U.S.C. 4980B.
- Section 54.4980B-8 also issued under 26 U.S.C. 4980B.
- Section 54.4980B-9 also issued under 26 U.S.C. 4980B.
- Section 54.4980B-10 also issued under 26 U.S.C. 4980B.
- Section 54.9801-1T also issued under 26 U.S.C. 9833.
- Section 54.9801-2T also issued under 26 U.S.C. 9833.
- Section 54.9801-3T also issued under 26 U.S.C. 9833.
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- Section 54.9801-6T also issued under 26 U.S.C. 9833.
- Section 54.9802-1T also issued under 26 U.S.C. 9833.
- Section 54.9811-1T also issued under 26 U.S.C. 9833.
- Section 54.9812-1T also issued under 26 U.S.C. 9833.
- Section 54.9831-1T also issued under 26 U.S.C. 9833.
- Section 54.9833-1T also issued under 26 U.S.C. 9833.

**§ 54.4971-1 General rules relating to excise tax on failure to meet minimum funding standards.**

- (a)-(b) [Reserved]
- (c) *Additional tax.* Section 4971(b) imposes an excise tax in any case in which an initial tax is imposed under section 4971(a) on an accumulated funding deficiency and the accumulated funding deficiency is not corrected within the taxable period (as defined in section 4971(c)(3)). The additional tax is 100 percent of the accumulated funding deficiency to the extent not corrected.
- (d) [Reserved]
- (e) *Definition of taxable period*—(1) *In general.* For purposes of any accumulated funding deficiency, the term

“taxable period” means the period beginning with the end of the plan year in which there is an accumulated funding deficiency and ending on the earlier of:

(i) The date of mailing of a notice of deficiency under section 6212 with respect to the tax imposed by section 4971(a), or

(ii) The date on which the tax imposed by section 4971(a) is assessed.

(2) *Special rule.* Where a notice of deficiency referred to in paragraph (e)(1)(i) of this section is not mailed because a waiver of the restrictions on assessment and collection of a deficiency has been accepted or because the deficiency is paid, the date of filing of the waiver or the date of such payment, respectively, shall be treated as the end of the taxable period.

[T.D. 8084, 51 FR 16305, May 2, 1986]

**§ 54.4972-1 Tax on excess contributions to plans benefiting self-employed individuals.**

(a) *In general.* Section 4972 imposes a tax of 6 percent on the amount of the excess contributions (as defined in section 4972 (b) and (c) of this section) under certain qualified plans (as defined in paragraph (b) of this section) for each taxable year beginning after December 31, 1975, of the employer who maintains such plan. Partnerships and sole proprietors are to report this tax by filing Form 5330 (or other designated form) and the tax is to be paid annually at the time prescribed for filing such return (determined without regard to any extension of time for filing).

(b) *Employers to whom section applies.* The tax under section 4972 is imposed on employers who maintain a qualified plan during their taxable year. For this purpose, the term *qualified plan* means a pension or profit-sharing plan which includes a trust described in section 401(a), an annuity plan described in section 403(a), or a bond purchase plan described in section 405(a). In addition to being a qualified plan, the plan must provide contributions or benefits for employees some or all of whom are employees within the meaning of section 401(c)(1). For this purpose, the plan does not have to provide contributions or benefits for employees who are em-

ployees within the meaning of section 401(c)(1) during the taxable year; it is sufficient that the plan so provided in a prior taxable year.

(c) *Excess contributions—(1) In general.* For a taxable year of an employer for purposes of section 4972 and this section, the term “excess contributions” means:

(i) The amount (if any) by which the sum of:

(A) The amount (if any) determined under section 4972(b)(2) and paragraph (d) of this section, plus

(B) The amount (if any) determined under section 4972(b)(3) and paragraph (e) of this section, plus

(C) The amount (if any) determined under section 4972(b)(4) and paragraph (f) of this section, exceeds

(ii) The amount (if any) of any correcting distributions (as defined in section 4972(b)(5) and paragraph (g) of this section) made in all prior taxable years beginning after December 31, 1975.

(2) *Contributions allocable to insurance.* For purposes of section 4972(b) and this section, the amount of any contribution made under the plan which is allocable to the purchase of life, accident, health, or other insurance is not taken into account. The amount of any contribution which is allocable to the cost of insurance protection is determined in accordance with the provisions of paragraph (g) of § 1.404(e)-1A and paragraph (b) of § 1.72-16.

(d) *Contributions by owner-employees—(1) General rule.* In the case of a plan which provides contributions or benefits for employees some or all of whom are owner-employees, within the meaning of section 401(c)(3), the amount determined under section 4972(b)(2) and this paragraph for the employer’s taxable year is the amount computed separately with respect to each owner-employee equal to the sum of:

(i) The excess (if any) of

(A) The amount contributed under the plan by each owner-employee as an employee (that is, each owner-employee’s contributions within the meaning of section 401(c)(5)(B)) for such taxable year of the employer, over

(B) The amount permitted under section 4972(c) and paragraph (h) of this section to be contributed by each