

1996 Section 43 Inflation Adjustment

Notice 96-41

Section 43(b)(3)(B) of the Internal Revenue Code requires the Secretary to publish an inflation adjustment factor. The enhanced oil recovery credit under § 43 for any taxable year is reduced if the “reference price,” determined under § 29(d)(2)(C), for the calendar year preceding the calendar year in which the taxable year begins is greater than \$28 multiplied by the inflation adjustment factor for that year.

The term “inflation adjustment factor” means, with respect to any calendar year, a fraction the numerator of which is the GNP implicit price deflator for the preceding calendar year and the denominator of which is the GNP implicit price deflator for 1990.

Because the reference price for the 1995 calendar year (\$14.26) does not exceed \$28 multiplied by the inflation adjustment factor for the 1996 calendar year, the enhanced oil recovery credit for qualified costs paid or incurred in 1996 is determined without regard to the phase-out for crude oil price increases.

Table 1 contains the GNP implicit price deflator used for the 1996 calendar year, as well the previously published GNP implicit price deflators used for the 1991 through 1995 calendar years.

Notice 96-41 TABLE 1

GNP IMPLICIT PRICE DEFLECTORS

<i>Calendar Year</i>	<i>GNP Implicit Price Deflator</i>
1990-1	112.9 (used for 1991)
1991-1	117.0 (used for 1992)
1992-1	120.9 (used for 1993)
1993-1	124.1 (used for 1994)
1994-1	126.0 (used for 1995)
1995-1	107.5 (used for 1996)*

*Beginning in 1995, the GNP implicit price deflator was rebased relative to 1992. The 1990 GNP implicit price deflator used to compute the 1996 § 43 inflation adjustment factor is 93.6

Notice 96-41 TABLE 2
INFLATION ADJUSTMENT
FACTORS AND
PHASE-OUT AMOUNTS

<i>Calendar Year</i>	<i>Inflation Adjustment Factor</i>	<i>Phase-out Amount</i>
1991-1	1.0000-1	0
1992-1	1.0363-1	0
1993-1	1.0708-1	0
1994-1	1.0992-1	0
1995-1	1.1160-1	0
1996-1	1.1485-1	0

DRAFTING INFORMATION

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Table 2 contains the inflation adjustment factor and the phase-out amount for taxable years beginning in the 1996 calendar year as well as the previously published inflation adjustment factors and phase-out amounts for the 1991 through 1995 calendar years.