

# Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[REG-116048-99]

RIN 1545-AX63

#### Stock Transfer Rules: Supplemental Rules

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Withdrawal of notice of proposed rulemaking.

**SUMMARY:** This document withdraws proposed regulations relating to an election available to certain taxpayers under section 367(b). The withdrawal corresponds to the upcoming expiration of the availability of the election.

**FOR FURTHER INFORMATION CONTACT:** Mark Harris at (202) 622-3860 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background

On January 24, 2000, the IRS and Treasury published in the **Federal Register** proposed regulations (65 FR 3629) (the proposed regulations), temporary regulations (65 FR 3586) (the temporary regulations), and final regulations (65 FR 3589) (the final regulations) under section 367(b) of the Internal Revenue Code. The proposed and temporary regulations provide a modified version of an election contained in the proposed section 367(b) regulations issued on August 26, 1991 (1991 proposed regulations), which was not adopted in the final regulations. This election allows certain taxpayers to recognize the gain (but not the loss) realized in certain section 367(b) exchanges, rather than including the all earnings and profits amount in income. The preamble to the final regulations explains the reasons for not including the taxable exchange election in the final regulations (65 FR 3589 at 3592).

The IRS and Treasury issued the proposed and temporary regulations in order to provide taxpayers with an opportunity to comment on the decision not to include the taxable exchange election in the final regulations. Section 1.367(b)-3(b)(4)(ii) of the proposed and temporary regulations provide that the taxable exchange election is applicable for transactions that occur between February 23, 2000, and February 24, 2001. A public hearing was scheduled for April 20, 2000, and written comments were to be received by April 24, 2000. No one requested to speak at the public hearing, and no comments were submitted. In particular, the IRS and Treasury have not received any comments suggesting revisions to the effective date articulated in § 1.367(b)-3(b)(4)(ii). Accordingly, this document withdraws § 1.367(b)-3(b)(4) of the proposed regulations published in the **Federal Register** on January 24, 2000 (65 FR 3629).

#### List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

#### Withdrawal of Proposed Amendments to the Regulations

Accordingly, under the authority of 26 U.S.C. 7805, proposed amendments to 26 CFR part 1 relating to § 1.367(b)-3(b)(4) published January 24, 2000 (65 FR 6329), are withdrawn.

**Robert E. Wenzel,**

*Deputy Commissioner of Internal Revenue.*  
[FR Doc. 01-492 Filed 1-10-01; 8:45 am]

**BILLING CODE 4830-01-P**

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 301

[REG-103320-00]

RIN 1545-AX85

#### Disclosure of Returns and Return Information to Designee of Taxpayer

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** In the Rules and Regulations section of this issue of **Federal Register**, the IRS is issuing a temporary regulation relating to the disclosure of returns and

return information to the designee of a taxpayer. The text of that temporary regulation also serves as the text of this regulation.

**DATES:** Written and electronic comments and requests for a public hearing must be received by April 11, 2001.

**ADDRESSES:** Send submissions to: CC:M&SP:RU (REG-103320-00), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to: CC:M&SP:RU (REG-103320-00), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS Internet site: [http://www.irs.gov/prod/tax\\_regs/comments/html](http://www.irs.gov/prod/tax_regs/comments/html).

**FOR FURTHER INFORMATION CONTACT:** Joseph Conley (202) 622-4580 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background

Section 6103(c), as amended by section 1207 of the Taxpayer Bill of Rights II, Public Law 104-168 (110 Stat. 1452), authorizes the IRS to disclose returns and return information to such person or persons as the taxpayer may designate in a request for or consent to disclosure or to any other person at the taxpayer's request to the extent necessary to comply with a request for information or assistance made by the taxpayer to such other person. Disclosure is permitted subject to such requirements and conditions as may be prescribed by regulations. With the amendment in 1996, Congress eliminated the longstanding requirement that disclosures to designees of the taxpayer must be pursuant to the written request or consent of the taxpayer. The purpose of this amendment to section 6103(c) was to assist the IRS in developing a paperless tax administration system that relies on, among other things, electronic communication. H.R. Rep. No. 104-506, at 49 (1996), reprinted in 1996 U.S.C.A.N. 1143, 1172.

On October 3, 1980, a final regulation (TD 7723) relating to the disclosure of tax returns and return information to a

person designated by the taxpayer in a written request or consent was published in the **Federal Register** (45 FR 65564). Since the publication of this final regulation, the IRS has determined that further guidance on written consent requirements is necessary.

This document contains a proposed regulation that authorizes the disclosure of tax returns and return information to a designee of the taxpayer pursuant to nonwritten requests or consents authorizing the disclosures. Such proposed regulation also amends the existing regulation to clarify the rules applicable to written requests or consents to disclosure.

The text of the temporary regulation published in this issue of the **Federal Register** serves as the text of this proposed regulation. The preamble to the temporary regulation explains the regulation.

### Special Analysis

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It is hereby certified that this proposed regulation will not impose a significant economic impact on a substantial number of small entities. The regulation is intended to reduce the burden on taxpayers and to facilitate the development of a paperless tax administration system. The prior regulation required that a taxpayer provide a written request or consent before the IRS could disclose the taxpayer's return information to a designee of the taxpayer; this regulation permits such a disclosure, under certain specified circumstances, pursuant to the taxpayer's nonwritten request or consent. The regulation also provides parameters for the development of consents for the electronic filing program, and it reduces the burden on taxpayers in combined Federal-State return filing programs by facilitating the electronic filing of a Federal-State return by means of a single electronic transmission.

Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel of Small Business Administration for comment on its impact on small businesses.

### Comments and Requests for a Public Hearing

Before the proposed regulation is adopted as a final regulation, consideration will be given to any electronic and written comments (a signed original and eight (8) copies) that

are submitted timely to the IRS. The IRS and Treasury Department specifically request comments on consents or notices authorizing disclosures in an electronic environment. Additionally, the IRS and Treasury Department specifically request comments on the clarity of the proposed regulation and how it can be made easier to understand. All comments will be available for public inspection and copying. A public hearing may be scheduled if requested in writing by a person that timely submits comments. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the **Federal Register**.

### Drafting Information

The principal author of this regulation is Jamie Bernstein, Office of the Associate Chief Counsel, Procedure and Administration (Disclosure & Privacy Law Division). However, other personnel from the IRS and Treasury Department participated in its development.

### List of Subjects in 26 CFR part 301

Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

### Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 301 is amended as follows:

### PART 301—PROCEDURE AND ADMINISTRATION

**Paragraph 1.** The authority citation for part 301 is amended by adding an entry in numerical order to read in part as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

Section 301.6103(c)–1 also issued under 26 U.S.C. 6103(c). \* \* \*

**Par. 2.** Section 301.6103(c)–1 is added to read as follows:

#### **§ 301.6103(c)–1 Disclosure of returns and return information to designee of taxpayer.**

[The text of this proposed section is the same as the text of § 301.6103(c)–1T published elsewhere in this issue of the **Federal Register**.]

**Robert E. Wenzel,**

*Deputy Commissioner of Internal Revenue.*  
[FR Doc. 01–486 Filed 1–10–01; 8:45 am]

**BILLING CODE 4830–01–P**

## DEPARTMENT OF THE INTERIOR

### Office of Surface Mining Reclamation and Enforcement

#### 30 CFR Part 914

[SPATS No. IN–151–FOR]

#### Indiana Regulatory Program

**AGENCY:** Office of Surface Mining Reclamation and Enforcement, Interior.

**ACTION:** Proposed rule; public comment period and opportunity for public hearing.

**SUMMARY:** The Office of Surface Mining Reclamation and Enforcement (OSM) is opening the public comment period for a previously submitted proposed amendment to the Indiana regulatory program (Indiana program) under the Surface Mining Control and Reclamation Act of 1977 (SMCRA). Indiana proposes the addition of a statute concerning post mining land use changes as nonsignificant permit revisions. The amendment is intended to revise the Indiana program to improve operational efficiency. This document gives the times and locations that the Indiana program and proposed amendment to that program are available for your inspection, the comment period during which you may submit written comments on the amendment, and the procedures that we will follow for the public hearing, if one is requested.

**DATES:** We will accept written comments until 4:00 p.m., e.s.t., February 12, 2001. If requested, we will hold a public hearing on the amendment on February 5, 2001. We will accept requests to speak at the hearing until 4:00 p.m., e.s.t. on January 26, 2001.

**ADDRESSES:** You should mail or hand deliver written comments and requests to speak at the hearing to Andrew R. Gilmore, Director, Indianapolis Field Office, at the address listed below.

You may review copies of the Indiana program, the amendment, a listing of any scheduled public hearings, and all written comments received in response to this document at the addresses listed below during normal business hours, Monday through Friday, excluding holidays. You may receive one free copy of the amendment by contacting OSM's Indianapolis Field Office.

Andrew R. Gilmore, Director,  
Indianapolis Field Office, Office of  
Surface Mining Reclamation and  
Enforcement, Minton-Capehart  
Federal Building, 575 North  
Pennsylvania Street, Room 301,