

# Notice of Proposed Rulemaking by Cross-Reference to Temporary Regulations

## Guidance Necessary to Facilitate Electronic Tax Administration

### REG-107184-00

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: The IRS is proposing regulations designed to eliminate regulatory impediments to the electronic filing of the Form 1040, *U.S. Individual Income Tax Return*. The text of the temporary regulations (T.D. 8989) published in this issue of the Bulletin also serves as the text of these proposed regulations. These regulations generally affect taxpayers who file Form 1040 electronically and who are required to file any of the following forms: Form 56, *Notice Concerning Fiduciary Relationship*; Form 2120, *Multiple Support Declaration*; Form 2439, *Notice to Shareholder of Undistributed Long-Term Capital Gains*; Form 3468, *Investment Credit*; and Form T (Timber), *Forest Activities Schedules*.

DATES: Written or electronically generated comments and requests for a public hearing must be received by July 23, 2002.

ADDRESSES: Send submissions to: CC:ITA:RU (REG-107184-00), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:ITA:RU (REG-107184-00), Courier's Desk, Internal Revenue Service, 1111 Constitution Ave., NW, Washington, DC. Alternatively, taxpayers may submit comments electronically directly to the IRS internet site at [www.irs.gov/regs](http://www.irs.gov/regs).

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, James C. Gibbons, (202) 622-4910; concerning submissions of comments and/or requests for a hearing, LaNita Van Dyke, (202) 622-7180 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

#### PAPERWORK REDUCTION ACT

The collections of information contained in this notice of proposed rulemaking have been submitted to the Office of Management and Budget for review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)). Comments on the collections of information should be sent to the **Office of Management and Budget**, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies to the **Internal Revenue Service**, Attn: IRS Reports Clearance Officer, W:CAR:MP:FP:S, Washington, DC 20224. Comments on the collections of information should be received by June 24, 2002. Comments are specifically requested concerning:

Whether the proposed collections of information are necessary for the proper performance of the functions of the Internal Revenue Service, including whether the information will have practical utility;

The accuracy of the estimated burden associated with the proposed collection of information (see below);

How the quality, utility, and clarity of the information to be collected may be enhanced;

How the burden of complying with the proposed collections of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of service to provide information.

The collections of information in this proposed regulation are in §§ 1.48-12T(d)(7), 1.152-3T(c), 1.611-3T(h), 1.852-9T(c), and 301.6903-1T(b). The proposed regulations require taxpayers to

retain their tax records for as long as the contents may become material in the administration of any internal revenue law. This information is required for substantiation purposes. This information will be used to verify the information provided by the taxpayer. The likely respondents are individuals.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103. The burden imposed in §§ 1.48-12T(d)(7), 1.152-3T(c), 1.611-3T(h), 1.852-9T(c), and 301.6903-1T(b) will be reflected in Form 3468, Form 2120, Form T (Timber), Form 2439, and Form 56 respectively.

#### Background

Temporary regulations in this issue of the Bulletin contain amendments to the Income Tax Regulations (26 CFR part 1) and the Procedure and Administration Regulations (26 CFR part 301) designed to eliminate regulatory impediments to the electronic filing of the Form 1040. The text of those regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations and these proposed regulations. Generally, the regulations will be effective for taxable years beginning after December 31, 2001. Taxpayers may, however, rely on these proposed regulations to the extent that the impediments were removed in forms filed for taxable years beginning after December 31, 2000.

#### Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section

553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations. It is hereby certified that the collection of information in these regulations will not have a significant economic impact on a substantial number of small entities. This certification is based upon the fact that the persons responsible for recordkeeping are principally individuals, and the burden is not significant as described earlier in the preamble. Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required. Pursuant to section 7508(f) of the Internal Revenue Code, this notice will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

### Comments and Requests for a Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any electronic or written comments (a signed original and eight (8) copies of written comments) that are submitted timely (in the manner described in the ADDRESSES caption) to the IRS. The IRS and Treasury request comments on the clarity of the proposed rules and how they may be made easier to understand. All comments will be available for public inspection and copying. A public hearing may be scheduled if requested by any person who 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 these regulations is Sara Paige Shepherd, Office of Associate Chief Counsel (Procedure and Administration), Administrative Provisions and Judicial Practice Division. However, other personnel from the IRS and the Treasury Department participated in the development of the regulations.

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### Adoption of Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 301 are amended as follows:

#### PART 1—INCOME TAXES

Par. 1. The authority citation for part 1 continues to read as follows:

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

Par. 2. Section 1.48–12, paragraph (d)(7)(iii) is revised to read as follows:

*§ 1.48–12 Qualified rehabilitated building; expenditures incurred after December 31, 1981.*

\* \* \* \* \*

(d) \* \* \*

(7)(iii) [The text of proposed paragraph (d)(7)(iii) is the same as the text of § 1.48–12T(d)(7)(iii) published elsewhere in this issue of the **Federal Register**].

Par. 3. In § 1.152–3, paragraph (c) is revised to read as follows:

*§ 1.152–3 Multiple support agreements.*

\* \* \* \* \*

(c) [The text of proposed paragraph (c) is the same as the text of § 1.152–3T(c) published elsewhere in this issue of the **Federal Register**].

\* \* \* \* \*

Par. 4. Section 1.611–3, paragraph (h) is revised to read as follows:

*§ 1.611–3 Rules applicable to timber.*

\* \* \* \* \*

(h)[The text of proposed paragraph (h) is the same as the text of § 1.611–3T(h) published elsewhere in this issue of the **Federal Register**].

Par. 5. In § 1.852–9, paragraph (c)(1) is revised to read as follows:

*§ 1.852–9 Special procedural requirements applicable to designation under section 852(b)(3)(D).*

\* \* \* \* \*

(c)(1) [The text of proposed paragraph (c)(1) is the same as the text of § 1.852–9T(c)(1) published elsewhere in this issue of the **Federal Register**].

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### PART 301—PROCEDURE AND ADMINISTRATION

Par. 6. The authority citation for part 301 continues to read in part as follows:

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

Par. 7. Section 301.6011–1 is revised to read as follows:

*§ 301.6011–1 General Requirement of return, statement or list.*

[The text of proposed section is the same as the text of §301.6011–1T published elsewhere in this issue of the **Federal Register**].

Par. 8. Section 301.6903–1(b) is added to read as follows:

*§ 301.6903–1 Notice of fiduciary.*

\* \* \* \* \*

(b)[The text of proposed paragraph (b) is the same as the text of §301.6903–1T(b) published elsewhere in this issue of the **Federal Register**].

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Robert E. Wenzel,  
Deputy Commissioner of  
Internal Revenue.

(Filed by the Office of the Federal Register on April 23, 2002, 8:45 a.m., and published in the issue of the Federal Register for April 24, 2002, 67 F.R. 20072)