

requirement may be met by furnishing a copy of the return to the attorney. The written statement must be furnished to the attorney on or before January 31 of the year following the year in which the payment was made.

(b) *Special rules*—(1) *Check delivered to non-payee attorney.* If a check is delivered to an attorney who is not a payee, an information return must be filed under paragraph (a)(1) of this section with respect to the attorney if, under the circumstances, it is reasonable for the payor to believe that the attorney is receiving the check in connection with legal services.

(2) *Joint or multiple payees*—(i) *Check delivered to attorney.* If more than one attorney is listed as a payee on a check, an information return must be filed under paragraph (a)(1) of this section with respect to the attorney who received the check.

(ii) *Check delivered to non-attorney.* If a check has attorney and non-attorney payees and the check is delivered to a non-attorney, an information return must be filed under paragraph (a)(1) of this section with respect to the first listed attorney.

(3) *Attorney required to report payments made to the other attorneys.* An attorney with respect to whom an information return is filed under paragraph (b)(1) or (2) of this section must file information returns, as required under this section, for payments the attorney makes to any other attorneys.

(c) *Exceptions.* A return of information is not required under paragraph (a)(1) of this section with respect to the following payments:

(1) Payments of wages or other compensation paid to an attorney by the attorney's employer.

(2) Payments of compensation or profits paid or distributed to its individual partner by a partnership engaged in providing legal services.

(3) Payments of dividends or corporate earnings and profits paid to its shareholder by a corporation engaged in providing legal services.

(4) Payments of income to an attorney of a fixed or determinable amount required to be reported (or payments that would be required to be reported were it not for failing to meet the dollar amount limitation contained in section 6041(a)) pursuant to section 6041(a) and § 1.6041-1(a).

(5) Payments of the balance of the gross proceeds made to an attorney if a payment described in paragraph (c)(4) of this section is made.

(6) Payments made to a foreign attorney, if the foreign attorney can

clearly demonstrate that the attorney is not subject to U.S. tax.

(d) *Definitions.* The following definitions apply for purposes of this section:

(1) *Attorney* means a person engaged in the practice of law, whether as a sole proprietor, partnership, corporation, or joint venture.

(2) *Legal services* means all services performed by, or under the supervision of, an attorney.

(e) *Attorney to furnish TIN.* A payor that is required to make an information return under this section must solicit a TIN from the attorney at or before the time the payor pays gross proceeds to the attorney. Any attorney whose TIN is solicited must furnish the TIN to the payor, but is not required to certify that the TIN is correct. Except as otherwise provided under section 3406, if the attorney does not furnish the attorney's TIN, the payment is subject to backup withholding.

(f) *Examples.* The provisions of this section are illustrated by the following examples:

*Example 1.* A, a plaintiff in a suit for lost wages against T, is represented by attorney B. A settles her suit for \$300,000. Payment is made by a check payable jointly to A and B. T does not know the amount of the attorney fee. B retains \$100,000 and disburses the remaining \$200,000 net proceeds to A. T must file a Form W-2 for \$300,000 with respect to A under section 6051. T must also file a Form 1099-MISC with respect to B for \$300,000 (see paragraph (a)(1)(iii) of this section).

*Example 2.* The facts are the same as in *Example 1*, except that T knows that the attorney fee is one-third of the settlement amount, or \$100,000. T must file a Form W-2 for \$300,000 with respect to A under section 6051. T must also file a Form 1099-MISC with respect to B for \$100,000 under section 6041. T is not required to file an information return with respect to B for \$200,000 (the balance of the gross proceeds) because of the exception provided in paragraph (c)(5) of this section.

*Example 3.* C, a plaintiff in a suit for physical personal injury against V, is represented by attorney D. C settles his suit for damages that are excludable from C's gross income under section 104(a)(2). The settlement check is payable jointly to C and D. V does not know the amount of the attorney fee. V must file a return of information with respect to D under paragraph (a)(1) of this section. V is not required to file a return of information with respect to C under section 6041 because the settlement amount is excludable from C's income under section 104(a)(2).

*Example 4.* W, a defendant in a suit for wrongful injury, knows that D, the plaintiff, has been represented by attorney E throughout the proceeding. State O, where the suit is brought, mandates that certain benefits and settlement awards be made payable to the claimant only. W makes a

check payable solely to D and delivers the payment to E's office. W has made a payment to an attorney (see paragraph (b)(1) of this section) and must file a return of information under paragraph (a) of this section.

*Example 5.* X, a defendant in a suit for lost wages, reasonably believes that F, the plaintiff, has been represented by attorney G throughout the proceeding as evidenced by filings and correspondence signed by G. X makes a check for damages payable solely to F and delivers it to G's office. X has made a payment to an attorney (see paragraph (b)(1) of this section) and must file a return of information under paragraph (a) of this section.

*Example 6.* Y, a defendant in a suit, makes a payment of the gross proceeds of the amount awarded under the suit to the plaintiff's attorneys, H, I, and J. H, I, and J are not related parties. The payment is delivered to J's office. J deposits the monies into her trust account and pays H and I their respective shares. Y must file a return of information with respect to J (see paragraph (b)(2)(i) of this section). J must file a return of information with respect to H and I (see paragraph (b)(3) of this section).

(g) *Cross reference to penalties.* See the following sections regarding penalties for failure to comply with the requirements of section 6045(f) and this section:

(1) Section 6721 for failure to file a correct information return.

(2) Section 6722 for failure to furnish a correct payee statement.

(3) Section 6723 for failure to comply with other information reporting requirements (including the requirement to furnish a TIN).

(4) Section 7203 for willful failure to supply information (including a taxpayer identification number).

(h) *Effective date.* The rules in this section apply to payments made after December 31, 1999.

**Robert E. Wenzel,**

*Deputy Commissioner of Internal Revenue.*  
[FR Doc. 99-12662 Filed 5-20-99; 8:45 am]

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## DEPARTMENT OF VETERANS AFFAIRS

### 38 CFR Part 17

RIN 2900-AJ07

#### Medication Prescribing Authority

**AGENCY:** Department of Veterans Affairs.

**ACTION:** Proposed rule; withdrawal.

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**SUMMARY:** This document withdraws our proposal to amend our medical regulations concerning the prescribing of medications which was published in the **Federal Register** on May 4, 1999 (64 FR 23812). We proposed to change the regulations by stating that health care

professionals, other than physicians, are able to prescribe medications as authorized by VA and to conduct the necessary medication reviews. We also proposed to amend the regulations to allow for VA health care professionals to issue prescriptions by electronic means in addition to ordering prescriptions by telephone. We have decided that we should reconsider issues raised in the proposal and intend to publish a new proposal with clarifications.

**FOR FURTHER INFORMATION CONTACT:** Thomas V. Holohan, M.D., FACP, Chief Patient Care Services Officer (11), Veterans Health Administration, 202-273-8474. (This is not a toll-free number.)

Approved: May 17, 1999.

**Togo D. West, Jr.,**

*Secretary of Veterans Affairs.*

[FR Doc. 99-12880 Filed 5-20-99; 8:45 am]

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## ENVIRONMENTAL PROTECTION AGENCY

### 40 CFR Part 81

[KY-9917; IN92-1; FRL-6346-3]

#### Clean Air Act Reclassification or Extension of Attainment Date, Kentucky and Indiana; Louisville Nonattainment Area; Ozone

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed rule.

**SUMMARY:** EPA proposes to find that the Louisville moderate ozone nonattainment area (Louisville area) has failed to attain the one-hour ozone National Ambient Air Quality Standard (NAAQS) by its applicable attainment date. If EPA takes final action on this finding, the Louisville area would be reclassified as a serious nonattainment area. The Louisville area consists of Jefferson County and portions of Bullitt and Oldham Counties in Kentucky, and Clark and Floyd Counties in Indiana.

However, EPA is also proposing to extend the Louisville area's attainment date, if Kentucky and Indiana meet the criteria of EPA's July 16, 1998 attainment date extension policy. The extension policy provides that a nonattainment area, such as the Louisville area, may be eligible for an attainment date extension if it meets certain conditions. The extension policy applies where pollution from upwind areas interferes with the ability of a downwind area to demonstrate attainment with the one-hour ozone

standard by the dates prescribed in the CAA. Kentucky and Indiana are working together to comply with the conditions for receiving an extension. If Kentucky and Indiana make submittals in response to the extension policy, EPA will address the adequacy of those submittals in a subsequent supplemental proposal. If the submittals meet the criteria for an extension, the attainment date for the Louisville area will be extended, and the area will not be reclassified. EPA does not intend to take final action on reclassification of the Louisville area prior to allowing the area an opportunity to qualify for an attainment date extension under the extension policy.

**DATES:** Comments must be received on or before June 21, 1999.

**ADDRESSES:** All comments should be addressed to: Kay Prince, Section Chief, Regulatory Planning Section, Air Planning Branch, U.S. Environmental Protection Agency, 61 Forsyth Street, Atlanta, GA, 30303; or to J. Elmer Bortzer, Chief, Regulation Development Section, Air Programs Branch (AR-18J), U.S. Environmental Protection Agency, 77 West Jackson Boulevard, Chicago, IL 60604.

Copies of the Louisville area monitored air quality data analyses, guidance on extension of attainment dates in downwind transport areas, state submittals requesting attainment date extension, and other relevant documents used in support of this proposal are available at the following addresses for inspection during normal business hours: U.S. Environmental Protection Agency, Region 4, Air Planning Branch, 61 Forsyth Street, Atlanta, GA, 30303; U.S. Environmental Protection Agency, Region 5, Air Programs Branch, Air and Radiation Division, 77 West Jackson Boulevard, Chicago, IL 60604; and the U.S. Environmental Protection Agency, Air and Radiation Docket and Information Center, Air Docket (6102), 401 M Street, SW, Washington, D.C. 20460.

**FOR FURTHER INFORMATION CONTACT:** Kay Prince, EPA Region 4, (404) 562-9026, Karla McCorkle, EPA Region 4, (404) 562-9043, or Jay Bortzer, EPA Region 5, (312) 886-1430.

**SUPPLEMENTARY INFORMATION:** The supplemental information is organized in the following order:

- I. What action is being taken in this document?
- II. What are the National Ambient Air Quality Standards?
- III. What is the NAAQS for ozone?
- IV. What is the Louisville ozone nonattainment area?

- V. Why is EPA proposing to reclassify the Louisville area?
- VI. What is EPA's new policy regarding extension of attainment dates for downwind transport areas?
- VII. Is the Louisville area eligible for an attainment date extension under the extension policy?
- VIII. What progress has been made by Kentucky and Indiana to meet the extension policy so that an attainment date extension can be obtained?
- IX. What actions have Kentucky and Indiana taken to improve air quality in the Louisville area?
- X. If EPA finalizes its proposed rulemaking reclassifying the Louisville area, what would be the area's new classification?
- XI. If the Louisville area is reclassified to serious, when would it be required to attain the standard?
- XII. When will EPA make a final decision on whether to reclassify or grant an extension to the Louisville area?
- XIII. Administrative Requirements.

#### I. What Action Is Being Taken in This Document?

EPA is proposing to find that the Louisville area has failed to attain the one-hour ozone NAAQS by the November 15, 1996, attainment deadline prescribed under the CAA for moderate ozone nonattainment areas, or by the November 15, 1997 extended deadline granted to the Louisville area under Section 181 (a)(5) of the CAA. EPA's authority to make this finding is discussed under section 181(b)(2) of the CAA. Section 181(b)(2) explains EPA's responsibility to determine whether an area has attained the one-hour ozone standard, and its duty to reclassify the area if necessary. If EPA finalizes this finding, the Louisville area will be reclassified by operation of law from moderate nonattainment to serious nonattainment.

Alternatively, EPA is also proposing to extend the Louisville area's attainment date, provided that Kentucky and Indiana submit State Implementation Plans (SIPs) pursuant to EPA's July 16, 1998 policy, entitled "Guidance on Extension of Air Quality Attainment Dates for Downwind Transport Areas" (Richard D. Wilson, Acting Assistant Administrator for Air and Radiation) by November 15, 1999. If the States meet the extension policy criteria and EPA proposes to approve the States' submittals, then a specific extended attainment date will be proposed in the same notice. EPA will take final action on the new attainment date at the time it takes final action on the attainment demonstration and the other necessary submittals. However, if Kentucky and Indiana fail to meet the criteria of the extension policy, EPA will finalize this proposed finding of