

DEPARTMENT OF THE TREASURY**Internal Revenue Service****26 CFR Parts 1 and 301**

[REG-103735-00; REG-110311-98]

RIN 1545-AX81; 1545-AW26

Modification of Tax Shelter Rules III**AGENCY:** Internal Revenue Service (IRS), Treasury.**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: These proposed rules provide the public with additional guidance needed to comply with the disclosure rules under section 6011(a) and the registration requirement under section 6111(d). These rules also affect the list maintenance requirement under section 6112. The proposed rules affect taxpayers participating in certain reportable transactions, persons responsible for registering confidential corporate tax shelters, and organizers of potentially abusive tax shelters. In the rules and regulations portion of this issue of the **Federal Register**, the IRS is issuing temporary regulations modifying the rules relating to the requirement that certain taxpayers file a statement with their Federal income tax returns under section 6011(a), and the registration of confidential corporate tax shelters under section 6111(d). The text of those temporary regulations also serves as the text of these proposed regulations.

DATES: Written or electronic comments and requests for a public hearing must be received by September 16, 2002.

ADDRESSES: Send submissions to: CC:ITA:RU (REG-103735-00; REG-110311-98), 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:ITA:RU (REG-103735-00; REG-110311-98), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit electronic comments directly to the IRS Internet site at <http://www.irs.gov/regs>.

FOR FURTHER INFORMATION CONTACT: Danielle M. Grimm or Tara P. Volungis, 202-622-3080 (not a toll-free number); concerning submissions, Sonya Cruse, 202-622-7180 (not a toll-free number).

SUPPLEMENTARY INFORMATION:**Paperwork Reduction Act**

The collections of information contained in this notice of proposed

rulemaking have been previously reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)) under control number 1545-1685.

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.

Background

The temporary regulations amend 26 CFR part 1 regarding rules relating to the filing and records requirements for certain taxpayers under section 6011. The temporary regulations also amend 26 CFR part 301 regarding the registration of confidential corporate tax shelters under section 6111.

The text of the temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the regulations.

Special Analyses

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 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 time required to prepare or retain the disclosure is minimal and will not have a significant impact on those small entities that are required to provide disclosure. Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required. Pursuant to section 7805(f) of the Internal Revenue Code, these temporary regulations will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their 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 written comments (preferably a signed original and eight (8) copies) or electronically generated comments that are submitted timely to the IRS. The IRS and Treasury request comments on the clarity of the proposed rules and how they can be made easier to understand. All comments will be available for public inspection and copying. A public hearing will be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the **Federal Register**.

Drafting Information

The principal authors of these regulations are Danielle M. Grimm and Tara P. Volungis, Office of the Associate Chief Counsel (Passthroughs and Special Industries). However, other personnel from the IRS and Treasury Department participated in their development.

List of Subjects*26 CFR Part 1*

Income taxes, Reporting and recordkeeping requirements.

26 CFR Part 301

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

Proposed Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 301, which were proposed to be amended at 66 FR 41169 (August 7, 2001), are proposed to be further amended as follows:

PART 1—INCOME TAXES

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

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

Par. 2. Section 1.6011-4, as proposed at 66 FR 41169 (August 7, 2001), is amended as follows:

1. The heading of § 1.6011-4 is amended by removing the language "corporate".

2. The heading of paragraph (a) is revised.

3. Paragraph (a) is amended by adding "(1) *In general.*" after the heading.

4. Newly designated paragraph (a)(1) is amended by adding the language

“corporate” before “taxpayer” in the first sentence, and by removing the second sentence and adding three new sentences in its place.

5. Paragraphs (a)(2) and (a)(3) are added.

6. Paragraph (b)(1) is amended by revising the first sentence.

7. Paragraphs (b)(1)(i) and (b)(1)(ii) are added.

8. Paragraph (b)(4)(i) is amended by removing the first sentence.

9. Paragraph (b)(5) *Example 3* is amended by revising the seventh sentence.

10. Paragraphs (c)(1)(iii) and (c)(1)(v) are revised.

11. Paragraph (c)(2) *Example* is amended by adding the language “*Example.*” after “of this section:” in the first sentence and by adding “as in effect at that time.” to the end of the third sentence.

12. Paragraph (d)(1) is revised.

13. Paragraph (e) is amended by removing the language “corporation’s” in the first sentence and adding “taxpayer’s” in its place.

14. Paragraph (g) is revised.

The revisions and additions read as follows:

§ 1.6011-4 Requirement of statement disclosing participation in certain transactions by taxpayers.

[The text of the amendments to this proposed section is the same as the text of the amendments to § 1.6011-4T published elsewhere in this issue of the **Federal Register**.]

PART 301—PROCEDURE AND ADMINISTRATION

Par. 3. The authority citation for part 301 continues to read in part as follows:

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

Par. 4. Section 301.6111-2, as proposed to be added at 66 FR 41169 (August 7, 2001), is amended as follows:

1. Paragraph (a)(3) is amended by adding four sentences to the end of the paragraph.

2. The heading for paragraph (h) is revised and the entire text after the second sentence is removed and four new sentences are added in their place.

The revision and additions read as follows:

§ 301.6111-2 Confidential corporate tax shelters.

[The text of the amendments to this proposed section is the same as the text of the amendments to § 301.6111-2T

published elsewhere in this issue of the **Federal Register**.]

Robert E. Wenzel,

Deputy Commissioner of Internal Revenue.

[FR Doc. 02-15322 Filed 6-14-02; 11:32 am]

BILLING CODE 4830-01-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Parts 19 and 27

[FRL-7231-6]

Civil Monetary Penalty Inflation Adjustment Proposed Rule

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Environmental Protection Agency (“EPA”) proposes to amend the final Civil Monetary Penalty Inflation Adjustment Rule as mandated by the Debt Collection Improvement Act of 1996 to adjust EPA’s civil monetary penalties (“CMPs”) for inflation on a periodic basis. The Agency is required to review its penalties at least once every four years and to adjust them as necessary for inflation according to a specified formula. In the “Rules and Regulations” section of **Federal Register**, we are publishing the adjustments to EPA’s CMPs as a direct final rule without prior proposal because we view this as a noncontroversial adjustment to the CMPs and anticipate no adverse comment. We have explained our reasons for this approval in the preamble to the direct final rule. If we receive no adverse comment, we will not take further action on this rule. If we receive adverse comment, we will withdraw the direct final rule and it will not take effect. We will address all public comments in a subsequent final rule based on this proposed rule. We will not institute a second comment period on this action. Any parties interested in commenting must do so at this time.

DATES: Written comments must be received by July 18, 2002.

FOR FURTHER INFORMATION CONTACT: David Abdalla, Office of Regulatory Enforcement, Multimedia Enforcement Division, Mail Code 2248A, 1200 Pennsylvania Avenue, NW., Washington, DC 20460, (202) 564-2413.

SUPPLEMENTARY INFORMATION: This document concerns Civil Monetary Penalty Inflation Adjustment Rule. For further information, please see the information provided in the direct final

action that is located in the “Rules and Regulations” section of this **Federal Register** publication.

Dated: May 31, 2002.

Christine Todd Whitman,

Administrator, Environmental Protection Agency.

[FR Doc. 02-15191 Filed 6-17-02; 8:45 am]

BILLING CODE 6560-50-P

FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 73

[DA 02-1356, MB Docket No. 02-142, RM-10436]

Digital Television Broadcast Service; Galveston, TX

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: The Commission requests comments on a petition filed by Telemundo of Galveston-Houston License Corporation, licensee of station KTMD-TV, NTSC channel 48 and permittee of DTV station KTMD-DT, DTV channel 47, both licensed to serve Galveston, Texas, requesting the exchange of KTMD’s analog and digital allotments. Channel 47 can be substituted for channel 48 at Galveston with a zero offset at coordinates 29-30-24 N. and 94-30-48 W. DTV Channel 48c can be substituted for DTV channel 47 at reference coordinates 29-34-15 N. and 95-30-37 W. with a power of 1000, a height above average terrain HAAT of 599 meters.

DATES: Comments must be filed on or before August 5, 2002, and reply comments on or before August 20, 2002.

ADDRESSES: The Commission permits the electronic filing of all pleadings and comments in proceeding involving petitions for rule making (except in broadcast allotment proceedings). See *Electronic Filing of Documents in Rule Making Proceedings*, GC Docket No. 97-113 (rel. April 6, 1998). Filings by paper can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission’s contractor, Vistrionix, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission’s Secretary at 236 Massachusetts Avenue, NE., Suite 110, Washington, DC 20002. The filing hours at this location are 8 a.m. to 7 p.m. All hand deliveries must be held together