

**PART 53—FOUNDATION AND SIMILAR EXCISE TAXES**

■ **Par. 12.** The authority citation for part 53 continues to read as follows:

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

**PART 55—EXCISE TAX ON REAL ESTATE INVESTMENT TRUSTS AND REGULATED INVESTMENT COMPANIES**

■ **Par. 13.** The first sentence of the authority citation for part 55 is revised to read as follows:

**Authority:** 26 U.S.C. 6001, 6011, 6071, 6091, and 7805. \* \* \*

**PART 156—EXCISE TAX ON GREENMAIL**

■ **Par. 14.** The authority citation for part 156 is revised to read as follows:

**Authority:** 26 U.S.C. 6001, 6011, 6061, 6071, 6091, 6161, and 7805.

■ **Par. 15.** In the list below, for each section indicated in the left column, remove the language in the middle column and add the language in the right column in its place:

Section	Remove	Add
1.6081–2(f), first sentence	district director, including the Assistant Commissioner (International), or the director of a service center.	Commissioner.
1.6081–4(c), first sentence	district director, including the Assistant Commissioner (International), or the director of a service center.	Commissioner.
1.6081–5(a)(1)	1.6031–1(e)(2) .....	1.6031(a)–1(e)(2)
1.6081–6(d), first sentence	district director, including the Assistant Commissioner (International), or the director of a service center.	Commissioner.
1.6081–7(d), first sentence	district director, including the Assistant Commissioner (International), or the director of a service center.	Commissioner.
25.6081–1, second sentence	district director or director of the service center.	Commissioner.
31.6081(a)–1(b), first sentence	district director or director of a service center	Commissioner.
53.6081–1(a), first sentence	District directors and directors of service centers are.	The Commissioner is
53.6081–1(b), first sentence	to the district director or director of the service center with whom the return is to be filed.	in accordance with the instructions to the extension request form
55.6081–1, first sentence	District directors and directors of service centers are.	The Commissioner is
156.6081–1(a), first sentence	District directors and directors of service centers are.	The Commissioner is
156.6081–1(b), first sentence	to the district director or director of the service center with whom the return is to be filed.	in accordance with the instructions to the extension form.

**PART 301—PROCEDURE AND ADMINISTRATION**

■ **Par. 16.** The authority citation for part 301 continues to read as follows:

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

**§ 301.6651–1 [Amended]**

■ **Par. 17.** Section 301.6651–1(c)(4) introductory text is amended by removing the language “or (b)”, removing paragraph (c)(4)(i), and redesignating paragraphs (c)(4)(ii) and (c)(4)(iii) as paragraphs (c)(4)(i) and (c)(4)(ii), respectively.

**PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT**

■ **Par. 18.** The authority citation for part 602 continues to read as follows:

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

■ **Par. 19.** In § 602.101, paragraph (b) is amended by removing the entries for §§ 1.6081–8T and 1.6081–9T from the table.

Approved: November 23, 2004.

**Mark E. Matthews,**

*Deputy Commissioner for Services and Enforcement.*

**Gregory Jenner,**

*Acting Assistant Secretary of the Treasury.*

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**BILLING CODE 4830–01–P**

**DEPARTMENT OF THE TREASURY****Internal Revenue Service****26 CFR Parts 1 and 602**

[TD 9144]

RIN 1545–BA75

**Statutory Options; Correction**

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

**ACTION:** Correcting amendment.

**SUMMARY:** This document corrects final regulations (TD 9144) that were published in the **Federal Register** on

Monday, August 3, 2004 (69 FR 46401) and corrected on Monday, October 18, 2004 (69 FR 61309). The final regulations relate to statutory options.

**DATES:** This document is effective on August 3, 2004.

**FOR FURTHER INFORMATION CONTACT:** Erinn Madden, (202) 622–6030 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:****Background**

The final regulations (TD 9144) that are the subject of these corrections are under sections 421, 422, and 424 of the Internal Revenue Code.

**Need for Correction**

As published, the final regulations (TD 9144) contain errors that may prove to be misleading and are in need of clarification.

**List of Subjects****26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

**26 CFR Part 602**

Reporting and recordkeeping requirements.

**Correction of Publication**

■ Accordingly, 26 CFR Parts 1 and 602 is corrected by making the following correcting amendments:

**PART 1—INCOME TAXES**

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

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

**§ 1.421-1 [Corrected]**

■ 1. Section 1.421-1(j)(2), the second sentence is amended by removing the language “the REG-122917-02 or this section.” and adding the language “REG-122917-02 or this section.” in its place.

**§ 1.421-2 [Corrected]**

■ 2. Section 1.421-2(f)(2), the second sentence is amended by removing the language “corporation at least 6 months after August 3, 2004, taxpayers may rely on either the REG-122917-02 or section.” and adding the language “corporation occurring at least 6 months after August 3, 2004, taxpayers may rely on either REG-122917-02 or this section.” in its place.

**§ 1.422-1 [Corrected]**

■ 3. Section 1.422-1(b)(3), *Example 2*, the fourth sentence is amended by removing the language “consequences of the disposition and the holding period for capital gain purposes begin on the vesting date, six months after exercise.” and adding the language “consequences of the disposition, and the holding period for capital gain purposes begins on the vesting date, six months after exercise.” in its place.

**§ 1.422-4 [Corrected]**

■ 4. Section 1.422-4(d), *Example 5* (iii), the last sentence is amended by removing the language “it is treated as a nonstatutory options in its entirety.” and adding the language “it is treated as a nonstatutory option in its entirety.” in its place.

**§ 1.422-5 [Corrected]**

■ 5. Section 1.422-5(e), *Example 2*, the fourth sentence is amended by removing the language “Under the rules of paragraph (b)(2) and (b)(3) of this section,” and adding the language

“Under the rules of paragraphs (b)(2) and (b)(3) of this section,” in its place.

■ 6. Section 1.422-5(f)(2), the second sentence is amended by removing the language “taxpayers may rely on either the REG-122917-02 or this section.” and adding the language “taxpayers may rely on either REG-122917-02 or this section.” in its place.

■ 7. Section 1.424-1 is amended by:

■ 1. Revising the sixth and seventh sentences in paragraph (a)(10), *Example 8*.

■ 2. Adding a comma after the word “Thus” in the second sentence of paragraph (e)(4)(viii).

The revision reads as follows:

**§ 1.424-1 Definitions and special rules applicable to statutory options.**

(a) \* \* \*

(10) \* \* \*

*Example 8.* \* \* \* Based on these facts, a new option to purchase 200 shares of Y at an option price of \$25 per share could be granted to E in complete substitution of E's old option. In the alternative, it would also be permissible in connection with the spin off, to grant E a new option to purchase 100 shares of Y, at an option price of \$25 per share, and for E to retain an option to purchase 100 shares of X under the old option, with the option price adjusted to \$25.

■ 8. Section 1.424-1(g)(2), the second sentence is amended by removing the language “on either the REG-122917-02 or this section.” and adding the language “on either REG-122917-02 or this section.” in its place.

**PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT**

■ **Par. 2.** The authority citation for part 602 continues to read as follows:

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

**§ 602.101 [Corrected]**

■ 9. Section 602.101(b) is amended by adding the entry “1.422-1-1545-0820” to the table in numerical order.

**Cynthia E. Grigsby,**

*Acting Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel, (Procedures and Administration).*

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**DEPARTMENT OF HOMELAND SECURITY****Coast Guard****33 CFR Part 100**

[CGD05-04-212]

**RIN 1625-AA08**

**Special Local Regulations for Marine Events; Approaches to Annapolis Harbor, Spa Creek and Severn River, Annapolis, MD**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Notice of implementation of regulation.

**SUMMARY:** The Coast Guard is implementing the special local regulations at 33 CFR 100.511 during the Eastport Yacht Club Lights Parade, a marine event to be held December 11, 2004, on the waters of Spa Creek and the Severn River at Annapolis, Maryland. These special local regulations are necessary to control vessel traffic due to the confined nature of the waterway and expected vessel congestion during the event. The effect will be to restrict general navigation in the regulated area for the safety of event participants, spectators and vessels transiting the event area.

**DATES:** 33 CFR 100.511 will be enforced from 4:45 p.m. to 9:15 p.m. on December 11, 2004.

**FOR FURTHER INFORMATION CONTACT:**

Ronald Houck, Marine Events Coordinator, Commander, Coast Guard Activities Baltimore, 2401 Hawkins Point Road, Baltimore, MD 21226-1971, (410) 576-2513.

**SUPPLEMENTARY INFORMATION:** The Eastport Yacht Club will sponsor a lighted boat parade on the waters of Spa Creek and the Severn River at Annapolis, Maryland. The event will consist of approximately 75 boats traveling at slow speed along two separate parade routes in Annapolis Harbor. The participating boats will range in length from 10 to 90 feet, and each will be decorated with holiday lights. In order to ensure the safety of participants, spectators and transiting vessels, 33 CFR 100.511 will be enforced for the duration of the event. Under the provisions of 33 CFR 100.511, vessels may not enter the regulated area without permission from the Coast Guard Patrol Commander. Spectator vessels may anchor outside the regulated area but may not block a navigable channel. Because these restrictions will be in effect for a limited period, they should not result in a