

must use the following address: Aviation Consumer Protection Division/ C-75, Room 4107, U.S. Department of Transportation, 400 7th Street, SW., Washington, DC 20590.

The report is to be submitted in Microsoft Word format. To protect identifiable personal information, reporting carriers must submit the required information in two separate documents. One document shall contain all of the required data elements, and the second shall be redacted and contain all of these elements with the exception of information regarding the identification of the owner(s) and/or guardian of the animal and the name, title, address, and telephone number of the individual filing the report on behalf of the air carrier.

### Frequently Asked Questions

Since the original publication of the rule, several questions have been raised concerning the reporting requirements, answers to which are provided below:

1. *Which carriers must file a report on incidents involving the loss, injury, or death of an animal during air transport, and what transportation is subject to the reporting requirement?*

Based on the statute requiring the reports, a reporting carrier is defined as any U.S. air carrier that provides scheduled passenger air transportation. This definition includes commuter carriers and air taxis that provide scheduled service, whether or not they are classified as a commuter carrier. Carriers that provide both scheduled and non-scheduled service are only to report incidents that occur on (or that are associated with) a scheduled passenger flight.

2. *Are carriers required to report incidents involving the loss, injury or death of an animal transported on an all-cargo flight?*

No. But the loss, injury, or death of a pet that is shipped as cargo carried on a passenger flight is subject to this reporting requirement.

3. *Does the requirement to submit a report on incidents involving the loss, injury, or death of an animal during air transport apply to foreign carriers?*

No, foreign air carriers are not covered by the animal reporting requirement. However, U.S. carriers that provide scheduled passenger air transportation must report all incidents involving loss, injury or death of an animal during air transport even if the flight is between two foreign points.

4. *If there is an incident involving the loss, injury or death of an animal on a code-share flight, which carrier is required to report it?*

The operating airline is required to report such incidents, since it provides services on that flight. An incident that occurs on a flight that carries the code of a foreign carrier but that is operated by a U.S. carrier is subject to this reporting requirement and is to be reported by the U.S. carrier. A flight that carries the code of a U.S. carrier but is operated by a foreign carrier is not subject to this rule. Therefore, incidents that occur on such a flight need not be reported.

5. *What should be reported as the loss, injury, or death of an animal during air transport?*

Any incident, even if it was determined that the carrier was not at fault, resulting in the loss, injury or death of any warm or cold blooded animal that is being kept as a pet in a family household in the United States and that occurred during the time that the animal was in the custody of the air carrier must be reported.

6. *If a carrier has not taken corrective action in response to an incident involving the loss, injury, or death of an animal, how should a carrier address this fact in its report to ACPD?*

The carrier must state in its report that no corrective action was taken. A carrier may if it wishes explain the reason that no corrective action was taken.

7. *If a carrier does not know the cause of the loss, injury or death of an animal or believes that there were a number of causes, how should the carrier respond to the requirement to provide a narrative description of the cause of the incident?*

If the reason for the loss, injury or death of an animal is not known, the carrier can state that the cause is not known. If there are a number of factors that contributed to the loss, injury or death of an animal, the carrier must list all of the factors.

8. *When must carriers begin submitting reports to ACPD?*

Carriers are not required to begin submitting reports to ACPD until the Department obtains an Office of Management and Budget (OMB) control number for the reporting. OMB regulations implementing provisions of the Paperwork Reduction Act of 1995 specify that no person is required to respond to an information collection unless it displays a valid OMB control number. Once the Department receives OMB approval of this information collection request (ICR), it will announce this approval in a **Federal Register** notice with a specific compliance date.

9. *Where and how will ACPD publish the reports?*

ACPD will process each report and publish the information without any identifiable personal information, in its electronic version of the Air Travel Consumer Report. This publication is issued monthly, usually within the first week of each month. There is usually a 40-day lag in processing data (e.g., a report issued in early November will contain data for September incidents). The publication can be found on-line at <http://airconsumer.ost.dot.gov>.

10. *Must carriers file a report in months when they do not experience a reportable loss, injury, or death of an animal?*

No. Negative reports should not be filed; carriers must file a report only for a month in which they had a reportable loss, injury, or death of an animal.

Accordingly,

1. We order all U.S. air carriers that provide scheduled passenger air transportation to submit a report on any incidents involving the loss, injury, or death of an animal during air transport to the Aviation Consumer Protection Division within 15 days of the end of each month in the form and manner set forth in this reporting directive;

2. This order shall be published in the **Federal Register**; and

3. This order shall become effective after an OMB control number for the information collection requirements contained in the rule on "Reports by Carriers on Incidents Involving Animals During Air Transport" is assigned and announced in a separate document in the **Federal Register**.

This action is taken under authority assigned in 14 CFR 385.15(c) of the Department's regulations.

**Rosalind A. Knapp,**

*Deputy General Counsel.*

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## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[TD 9184]

RIN 1545-BC71

#### Real Estate Mortgage Investment Conduits

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

**ACTION:** Final regulation.

**SUMMARY:** This document contains final regulations relating to the application of the unified partnership audit

procedures to disputes regarding the ownership of residual interests in a Real Estate Mortgage Investment Conduit (REMIC). These regulations will affect taxpayers that invest in REMIC residual interests.

**DATES:** These regulations apply after December 31, 1986.

**FOR FURTHER INFORMATION CONTACT:** Arturo Estrada, (202) 622-3900 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

This regulation amends 26 CFR Part 1 under section 860F of the Internal Revenue Code (Code) relating to the application of the unified partnership audit procedures of subchapter C of chapter 63 of the Code to REMICs and the holders of residual interests. Section 860F(e) provides that a REMIC is treated as a partnership (and holders of residual interests in that REMIC shall be treated as partners) for purposes of subtitle F of the Code, which includes the unified partnership audit procedures. The taxable income of a holder of a REMIC residual interest is determined under the REMIC provisions of part IV of subchapter M, which require the holder to take into account its daily portion of the REMIC's taxable income or net loss for each day during the taxable year on which the holder holds its interest. Section 860C(a)(1). The provisions of subchapter K relating to the determination of the taxable income of a partnership and its partners do not apply to REMICs or the holders of REMIC residual interests. Section 860A(a).

Questions have arisen regarding whether the identity of the holder of a REMIC residual interest is treated as a partnership item for purposes of the unified partnership audit procedures. Questions also have arisen regarding the applicability of the unified partnership audit procedures when a determination is made under the REMIC regulations to disregard certain transfers of REMIC residual interests and continue to treat the transferor as the holder of the transferred REMIC residual interests. See §§ 1.860E-1(c) and 1.860G-3.

The IRS and Treasury Department have determined that the identity of a holder of a REMIC residual interest is more appropriately determined at the residual interest holder level than at the REMIC entity level.

**Explanation of Provisions**

The regulations provide that the determination of the identity of a holder of a REMIC residual interest is not a partnership item for purposes of the

unified partnership audit procedures as applied to REMICs, whether or not such determination involves the application of a disregarded transfer rule. Unlike the identity of a partner in a partnership subject to subchapter K, the identity of the holder of a REMIC residual interest does not affect the calculation of the REMIC's taxable income or net loss.

**Effective Date**

These regulations apply after December 31, 1986. See § 1.860A-1(b)(1)(ii).

**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, and because these regulations do not impose a collection requirement on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Code, this Treasury decision has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small businesses.

**Drafting Information**

The principal author of these regulations is Arturo Estrada, Office of the Associate Chief Counsel (Financial Institutions and Products). However, other personnel from the IRS and Treasury Department participated in their development.

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

Income taxes, Reporting and recordkeeping requirements.

**Amendments to the Regulations**

- Accordingly, 26 CFR part 1 is amended as follows:

**PART 1—INCOME TAXES**

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

**Authority:** 26 U.S.C. 7805 \* \* \*  
Section 860F-4 issued under 26 U.S.C. 860G(e) and 26 U.S.C. 6230(k). \* \* \*

- **Par. 2.** In § 1.860F-4, paragraph (a) is amended by adding a sentence at the end of the paragraph to read as follows:

**§ 1.860F-4 REMIC reporting requirements and other administrative rules.**

(a) \* \* \* The identity of a holder of a residual interest in a REMIC is not treated as a partnership item with respect to the REMIC for purposes of subchapter C of chapter 63.

\* \* \* \* \*

**Mark E. Matthews,**

*Deputy Commissioner for Services and Enforcement.*

Approved: February 15, 2005.

**Eric Solomon,**

*Acting Deputy Assistant Secretary of the Treasury (Tax Policy).*

[FR Doc. 05-3697 Filed 2-24-05; 8:45 am]

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**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**26 CFR Part 1**

[TD 9182]

**RIN 1545-BD31**

**Reorganizations Under Section 368(a)(1)(E) and Section 368(a)(1)(F)**

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

**ACTION:** Final regulation.

**SUMMARY:** This document contains final regulations regarding reorganizations under section 368(a)(1)(E) and section 368(a)(1)(F) of the Internal Revenue Code. The regulations affect corporations and their shareholders.

**DATES:** *Effective Date:* These regulations are effective on February 25, 2005.

*Applicability Date:* These regulations apply to transactions occurring on or after February 25, 2005.

**FOR FURTHER INFORMATION CONTACT:** Robert B. Gray, at (202) 622-7550 (not a toll free number).

**SUPPLEMENTARY INFORMATION:**

**Background and Explanation of Provisions**

On August 12, 2004, the IRS and Treasury Department published a notice of proposed rulemaking (REG-106889-04) in the **Federal Register** (69 FR 49836) proposing regulations regarding the requirements for a reorganization under section 368(a)(1)(E) and section 368(a)(1)(F) of the Internal Revenue Code (Code). Generally, a transaction must satisfy the continuity of interest and continuity of business enterprise requirements to qualify as a reorganization under section 368(a). The notice proposed amending § 1.368-1(b) to provide that a continuity of interest