

determination of whether a nonresident alien individual or foreign corporation that is a partner in a partnership is a 10-percent shareholder under the rules of section 871(h)(3), section 881(c)(3), and this paragraph (g) with respect to interest paid to such partnership shall be made at the time that the withholding agent, absent the provisions of section 871(h), 881(c) and the rules of this paragraph, would otherwise be required to withhold under sections 1441 and 1442 with respect to such interest. For example, in the case of U.S. source interest paid by a domestic corporation to a domestic partnership or withholding foreign partnership (as defined in § 1.1441-5(c)(2)), the 10-percent shareholder test is applied when any distributions that include the interest are made to a foreign partner and, to the extent that a foreign partner's distributive share of the interest has not actually been distributed, on the earlier of the date that the statement required under section 6031(c) is mailed or otherwise provided to such partner, or the due date for furnishing such statement. See § 1.1441-5(b)(2) and (c)(2)(iii).

(4) *Application of 10-percent shareholder test to interest paid to a simple trust or grantor trust.* Whether interest paid to a simple trust or grantor trust and distributed to or included in the gross income of a nonresident alien individual or foreign corporation that is a beneficiary or owner of such trust, as the case may be, is received by a 10-percent shareholder shall be determined by applying the rules of this paragraph (g) only at the beneficiary or owner level. The 10-percent shareholder test is applied with respect to a nonresident alien individual or foreign corporation that is a beneficiary of a simple trust or an owner of a grantor trust at the time that a withholding agent, absent any exceptions, would otherwise be required to withhold under sections 1441 and 1442 with respect to such interest.

(i) * * * (1) * * * The rules of paragraph (g) apply to interest paid after April 12, 2007. Taxpayers may choose to apply the rules of paragraph (g) to interest paid in any taxable year not closed by the period of limitations as of April 12, 2007, provided they do so consistently for all relevant partnerships during such years.

■ **Par. 3.** Section 1.881-2 (a)(6) is added to read as follows:

§ 1.881-2 Taxation of foreign corporations not engaged in U.S. business.

(a) * * *

(6) Interest received by a foreign corporation pursuant to certain portfolio debt instruments is not subject to the flat tax of 30 percent described in paragraph (a)(1) of this section. For rules applicable to a foreign corporation's receipt of interest on certain portfolio debt instruments, see sections 871(h), 881(c), and § 1.871-14.

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■ **Par. 4.** Section 1.1441-1(b)(7) is amended as follows:

- 1. Paragraph (b)(7)(iii) is revised.
- 2. Paragraph (b)(7)(v) is removed.

The revision reads as follows:

§ 1.1441-1 Requirement for the deduction and withholding of tax on payments to foreign persons.

* * * * *

- (b) * * *
- (7) * * *

(iii) *Liability for interest and penalties.* For payments made after December 31, 2000, if a withholding agent fails to deduct and withhold any tax imposed under sections 1441 or 1442, and the tax against which such tax may be credited under section 1462 is paid, then the amount of tax required to be deducted and withheld shall not be collected from the withholding agent. However, the withholding agent is not relieved from liability for interest or any penalties or additions to the tax otherwise applicable in respect of the failure to deduct and withhold. See section 1463. Further, in the event that a tax liability is assessed against the beneficial owner under section 871, 881, or 882 and interest under section 6601(a) is assessed against, and collected from, the beneficial owner, the interest charge imposed on the withholding agent shall be abated to that extent so as to avoid the imposition of a double interest charge.

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Kevin M. Brown,
Deputy Commissioner for Services and Enforcement.

Approved: March 30, 2007.

Eric Solomon,
Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. E7-6766 Filed 4-11-07; 8:45 am]

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POSTAL SERVICE

39 CFR Part 111

New Standards for Mailing Adult Fowl

AGENCY: Postal Service

ACTION: Final rule.

SUMMARY: The Postal Service revises the requirements for containers used for mailing adult chickens. The new standards require all mailable adult fowl, including chickens, to be mailed in containers approved by the manager of Mailing Standards.

EFFECTIVE DATES: April 12, 2007.

FOR FURTHER INFORMATION CONTACT: Bert Olsen, 202-268-7276.

SUPPLEMENTARY INFORMATION: The Postal Service published a proposal in the **Federal Register** (71 FR 32, February 16, 2007) to revise the standards for mailing containers when shipping chickens. The revised mailing standards would promote the safety of our employees, customers, and all mailed adult fowl.

Comments Received

We received one comment. The commenter stated that no birds should be mailed in the United States because of a chance of spreading bird diseases.

We have accepted birds in the mail for many years without incident, and we are comfortable in continuing to provide service to bird industries as well as individual customers. We are aware of concerns associated with handling bird containers in transit, and we will continually monitor and revise our mailing requirements to mitigate potential risk.

We adopt the following amendments to *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), incorporated by reference in the Code of Federal Regulations. See 39 CFR 111.1.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

■ Accordingly, 39 CFR part 111 is amended as follows:

PART 111—[AMENDED]

■ 1. The authority citation for 39 CFR part 111 continues to read as follows:

Authority: 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3626, 5001.

■ 2. Revise the following sections of *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM), as follows:

600 Basic Standards for All Mailing Services

601 Mailability

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9.0 Perishables

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9.3 Live Animals

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9.3.4 Adult Fowl

[Revise 9.3.4 as follows:]

Disease-free adult fowl may be mailed domestically when shipped under applicable law in accordance with 601.1.7. Adult chickens, turkeys, guinea fowl, doves, pigeons, pheasants, partridges, and quail as well as ducks, geese, and swans are mailable as follows:

a. The mailer must send adult fowl by Express Mail in secure containers approved by the manager of Mailing Standards (see 608.8.0 for address).

b. The number of birds per parcel must follow the container manufacturer limits and each bird must weigh more than 6 ounces.

c. Indemnity may be paid only for loss, damage, or rifling, and not for death of the birds in transit if there is no visible damage to the mailing container.

[Delete 9.3.5, Adult Chickens, and renumber 9.3.6 through 9.3.13 as new 9.3.5 through 9.3.12.]

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Neva R. Watson,

Attorney, Legislative.

[FR Doc. E7-6529 Filed 4-11-07; 8:45 am]

BILLING CODE 7710-12-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[EPA-R04-OAR-2006-0787-200621(a); FRL-8297-4]

Approval and Promulgation of Implementation Plans; Tennessee: Approval of Revisions to the Knox County Portion of the Tennessee State Implementation Plan

AGENCY: Environmental Protection Agency (EPA).

ACTION: Direct final rule.

SUMMARY: EPA is approving revisions to the State Implementation Plan (SIP) submitted by the State of Tennessee, through Tennessee Department of Environment and Conservation (TDEC), on August 18, 1999 and July 16, 2001. The revisions pertain to the Knox County portion of the Tennessee SIP and include changes to the Knox County Air Quality Regulations (KCAQR) Section 51.0—Standards for Cement Kilns. These standards set nitrogen oxides (NO_x) emissions control, compliance demonstration, certification, record keeping, and reporting

requirements for Portland cement kilns in the County. The revisions were initially reviewed by TDEC, which found them to be as stringent as the State's requirements. The proposed changes are part of the Knox County strategy to meet the national ambient air quality standards (NAAQS) by reducing the emissions of NO_x, a precursor of ozone formation. Because of the harmful health effects of ozone, EPA limits the amount of volatile organic compounds and NO_x that can be released into the atmosphere. This action is being taken pursuant to section 110 of the Clean Air Act (CAA).

DATES: This direct final rule is effective June 11, 2007 without further notice, unless EPA receives adverse comment by May 14, 2007. If adverse comment is received, EPA will publish a timely withdrawal of the direct final rule in the **Federal Register** and inform the public that the rule will not take effect.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA-R04-OAR-2006-0787 by one of the following methods:

1. www.regulations.gov: Follow the online instructions for submitting comments.

2. *E-mail:* louis.egide@epa.gov.

3. *Fax:* (404) 562-9019.

4. *Mail:* "EPA-R04-OAR-2006-0787," Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street, SW, Atlanta, Georgia 30303-8960.

5. *Hand Delivery or Courier:* Dr. Egide Louis, Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management Division 12 floor U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street, SW., Atlanta, Georgia 30303-8960. Such deliveries are only accepted during the Regional Office's normal hours of operation. The Regional Office's official hours of business are Monday through Friday, 8:30 a.m. to 4:30 p.m., excluding Federal holidays.

Instructions: Direct your comments to Docket ID No. EPA-R04-OAR-2006-0787. EPA's policy is that all comments received will be included in the public docket without change and may be made available online at www.regulations.gov, including any personal information provided, unless the comment includes information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Do not submit through www.regulations.gov or e-mail, information that you consider to be CBI

or otherwise protected. The www.regulations.gov Web site is an "anonymous access" systems, which means EPA will not know your identity or contact information unless you provide it in the body of your comment. If you send an e-mail comment directly to EPA without going through www.regulations.gov, your e-mail address will be automatically captured and included as part of the comment that is placed in the public docket and made available on the Internet. If you submit an electronic comment, EPA recommends that you include your name and other contact information in the body of your comment and with any disk or CD-ROM you submit. If EPA cannot read your comment due to technical difficulties and cannot contact you for clarification, EPA may not be able to consider your comment. Electronic files should avoid the use of special characters, any form of encryption, and be free of any defects or viruses. For additional information about EPA's public docket visit the EPA Docket Center homepage at <http://www.epa.gov/epahome/dockets.htm>.

Docket: All documents in the electronic docket are listed in the www.regulations.gov index. Although listed in the index, some information is not publicly available, *i.e.*, CBI or other information whose disclosure is restricted by statute. Certain other material, such as copyrighted material, is not placed on the Internet and will be publicly available only in hard copy form. Publicly available docket materials are available either electronically in www.regulations.gov or in hard copy at the Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street, SW., Atlanta, Georgia 30303-8960. EPA requests that if at all possible, you contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section to schedule your inspection. The Regional Office's official hours of business are Monday through Friday, 8:30 a.m. to 4:30 p.m. excluding Federal holidays.

FOR FURTHER INFORMATION CONTACT: Dr. Egide Louis, Regulatory Development Section, Air Planning Branch, Air, Pesticides and Toxics Management Division, U.S. Environmental Protection Agency, Region 4, 61 Forsyth Street, SW., Atlanta, Georgia 30303-8960. The telephone number is (404) 562-9240. Dr. Louis can also be reached via electronic mail at louis.egide@epa.gov.

SUPPLEMENTARY INFORMATION: