

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of this correction are under section 403(b) of the Internal Revenue Code.

Need for Correction

As published, final regulations (TD 9340) contain errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (TD 9340), which was the subject of FR Doc. 07-3649, is corrected as follows:

1. On page 41132, column 3, in the preamble, under footnote number 4, second line, the language “402(g)(7)(A)(ii) by section 407(a) the Gulf” is corrected to read “402(g)(7)(A)(ii) by section 407(a) of the Gulf”.

2. On page 41138, column 1, in the preamble, under the paragraph heading “Employment Taxes”, eighth line of the last paragraph of the column, the language “1, Q&A-15, and § 35.3405(c)-1, Q&A-11” is corrected to read “1, Q&A-15, and § 35.3405(c)-1, Q&A-11”.

LaNita Van Dyke,

Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration).

[FR Doc. E7-18808 Filed 9-24-07; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9347]

RIN 1545-AY22

Corporate Estimated Tax; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains a correction to final regulations (TD 9347) that were published in the **Federal Register** on Tuesday, August 7, 2007 (72 FR 44338) providing guidance to corporations with respect to estimated tax requirements.

DATES: The correction is effective September 25, 2007.

FOR FURTHER INFORMATION CONTACT: Timothy Sheppard at (202) 622-4910 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of this correction are under sections 6425 and 6655 of the Internal Revenue Code.

Need for Correction

As published, final regulations (TD 9347) contain an error that may prove to be misleading and is in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (TD 9347), which was the subject of FR Doc. E7-14946, is corrected as follows:

On page 44347, column 1, in the preamble, under the paragraph heading “Effect on Other Documents”, line 10 from the bottom of the first paragraph of the column, the language “rational underlying the conclusion in” is corrected to read “rationale underlying the conclusion in”.

LaNita Van Dyke,

Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel, Procedure and Administration.

[FR Doc. E7-18812 Filed 9-24-07; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1, 54, and 602

[TD 9340]

RIN 1545-BB64

Revised Regulations Concerning Section 403(b) Tax-Sheltered Annuity Contracts; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correcting amendments.

SUMMARY: This document contains corrections to final regulations (TD 9340) that were published in the **Federal Register** on Thursday, July 26, 2007 (72 FR 41128) providing updated guidance on section 403(b) contracts of public schools and tax-exempt organizations described in section 501(c)(3). These regulations will affect sponsors of section 403(b) contracts, administrators, participants, and beneficiaries.

DATES: The correction is effective September 25, 2007.

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, John Tolleris at (202) 622-6060; concerning the regulations as applied to church-

related entities, Robert Architect at (202) 283-9634 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of this correction are under section 403(b) of the Internal Revenue Code.

Need for Correction

As published, final regulations (TD 9340) 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 54

Excise taxes, Pensions, Reporting and recording requirements.

26 CFR Part 602

Reporting and recordkeeping requirements.

Correction of Publication

■ Accordingly, 26 CFR parts 1, 54, and 602 are corrected by making the following correcting amendments:

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 1.403(b)-2 is amended by revising paragraph (b)(8)(i)(A), paragraph (b)(9), second sentence, and paragraph (b)(11), fourth sentence, to read as follows:

§ 1.403(b)-2 Definitions.

* * * * *

(b) * * *

(8) * * *

(i) * * *

(A) A State, but only with respect to an employee of the State performing services for a public school;

* * * * *

(9) * * * Subject to any rules in § 1.403(b)-1, this section, and §§ 1.403(b)-3 through 1.403(b)-11 that are specifically applicable to ministers, an employee also includes a minister described in section 414(e)(5)(A) when performing services in the exercise of his or her ministry.

* * * * *

(11) * * * Includible compensation also includes any elective deferral or other amount contributed or deferred by the eligible employer at the election of

the employee that would be includible in the gross income of the employee but for the rules of sections 125, 132(f)(4), 402(e)(2), 402(h)(1)(B), 402(k), or 457(b).

■ **Par. 3.** Section 1.403(b)-3 is amended by revising paragraph (b)(3)(i), last sentence, paragraph (c)(2), last sentence, and paragraph (d)(1)(ii), last sentence, to read as follows:

§ 1.403-3 Exclusion for contributions to purchase section 403(b) contracts.

(b) * * *
(3) * * *
(i) * * * However, if a plan contains any optional provisions, the optional provisions must meet, in both form and operation, the relevant requirements under section 403(b), this section, and §§ 1.403(b)-4 through 1.403(b)-11.

(2) * * * Similarly, a designated Roth account under a section 403(b) plan is subject to the rules of sections 401(a)(9)(A) and (B) and § 1.403(b)-6(e).

(ii) * * * However, any failure that is not an operational failure adversely affects all contracts issued under the plan, including: a failure to have contracts issued pursuant to a written defined contribution plan which, in form, satisfies the requirements of § 1.403(b)-1, § 1.403(b)-2, this section, and §§ 1.403(b)-4 through 1.403(b)-11 (a written plan failure); a nondiscrimination failure; or an employer eligibility failure.

■ **Par. 4.** Section 1.403(b)-4 is amended by revising paragraph (b)(1), third sentence, paragraph (c)(3)(i)(B)(2), and paragraph (e)(7), second sentence, to read as follows:

§ 1.403(b)-4 Contribution limitations.

(1) * * * For purposes of section 415, contributions made for a participant are aggregated to the extent applicable under sections 414(b), (c), (m), (n), and (o).

(2) The total elective deferrals described in section 402(g)(7)(A)(ii) made for the qualified employee by the qualified organization for prior years; or

(7) * * * In such a case, there is first taken into account his or her service during the annual work period for which the last year of service's includible compensation is being determined; then there is taken into account his or her service during his or her next preceding annual work period based on whole months; and so forth until the employee's service equals, in the aggregate, one year of service.

■ **Par. 5.** Section 1.403(b)-6 is amended by revising paragraph (e)(3) and paragraph (e)(5), last sentence, to read as follows:

§ 1.403(b)-6 Timing of distributions and benefits.

(3) * * * The required beginning date for purposes of section 403(b)(10) is April 1 of the calendar year following the later of the calendar year in which the employee attains age 70½ or the calendar year in which the employee retires from employment with the employer maintaining the plan. However, for any section 403(b) contract that is not part of a governmental plan or church plan, the required beginning date for a 5-percent owner is April 1 of the calendar year following the calendar year in which the employee attains age 70½.

(5) * * * See also § 1.403(b)-9(a)(5) for additional rules relating to annuities payable from a retirement income account).

■ **Par. 6.** Section 1.403(b)-11 is amended by revising paragraph (c)(2) to read as follows:

§ 1.403(b)-11 Applicable dates.

(2) In the case of a loan or other extension of credit to the employer that was entered into under a retirement income account before July 26, 2007, the plan does not fail to satisfy § 1.403(b)-9(a)(2)(i)(C) on account of the loan or other extension of credit if the plan takes reasonable steps to eliminate the loan or other extension of credit to the employer before the applicable date for § 1.403(b)-9(a)(2) or as promptly as practical thereafter (including taking steps after July 26, 2007 and before the applicable date).

■ **Par. 7.** Section 1.414(c)-5 is amended by revising paragraph (g) Example 3.(i), first sentence, to read as follows:

§ 1.414(c)-5 Certain tax-exempt organizations.

(g) * * *
Example 3. * * *
(j) * * * Organizations O and P are each tax-exempt organizations under section 501(c)(3).

LaNita Van Dyke,
Chief, Publications and Regulations Branch,
Legal Processing Division, Associate Chief
Counsel (Procedure and Administration).

[FR Doc. E7-18809 Filed 9-24-07; 8:45 am]
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DEPARTMENT OF THE TREASURY

Office of the Secretary

31 CFR Part 1

Privacy Act; Implementation

AGENCY: Office of the Secretary, Treasury.

ACTION: Final rule.

SUMMARY: In accordance with the requirements of the Privacy Act of 1974, 5 U.S.C. 552a, as amended, the Internal Revenue Service published a notice of proposed rulemaking on November 28, 2005 to remove the exemption claimed for the system of records Treasury/IRS 34.022, pursuant to 5 U.S.C. 552a(j)(2) and in its place claim an exemption pursuant to 5 U.S.C. 552a(k)(5).

EFFECTIVE DATE: September 25, 2007.

FOR FURTHER INFORMATION CONTACT: Written inquiries as they relate to this system should be directed to Mary Anderson, IRS, Personnel Security and Investigations, 5205 Leesburg Pike, Suite 510, Falls Church, VA 22041-3802.

SUPPLEMENTARY INFORMATION: The Internal Revenue Service published a notice of proposed rulemaking on November 28, 2005, at 70 FR 71245, to remove the (j)(2) exemption and in its place claim the exemption pursuant to 5 U.S.C. 552a(k)(5) exemption. No comments were received by the IRS.

The records in this system are no longer compiled for law enforcement purposes and do not qualify for the (j)(2) exemption. The (k)(5) exemption is more appropriate because the investigatory material contained in this system of records is collected and maintained solely for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, military service, Federal contracts, or access to classified information.