

(ii) Failure to satisfy the requirements of paragraph (c)(3)(iii) of this section with respect to each sponsored direct reporting NFFE that the NFFE would have been required to satisfy as a direct reporting NFFE;

(iii) Failure to report to the IRS on Form 8966, "FATCA Report," (or such other form as the IRS may prescribe) all of the information required under paragraph (c)(3)(ii) of this section with respect to each sponsored direct reporting NFFE and each of its substantial U.S. owners (or report to the IRS on Form 8966 that the sponsored direct reporting NFFE had no substantial U.S. owners) by the due date of the form (including any extensions);

(iv) Failure to make the certification required under paragraph (f)(2) of this section;

(v) Failure to cooperate with an IRS request for additional information described in paragraph (f)(3) of this section, including requests for the records described in paragraph (c)(3)(iv) of this section and requests to extend the retention period for these records as described in (f)(4)(vii) of this section;

(vi) Making any fraudulent statement or misrepresentation of material fact to the IRS or representing to a withholding agent or the IRS its status as a sponsoring entity under paragraph (c)(5) of this section for an entity other than an entity for which it acts as a sponsoring entity; or

(vii) Failure to obtain from each sponsored direct reporting NFFE the information required to report on Form 8966.

(2) *Notice of event of default.*

Following an event of default known by or disclosed to the IRS, the IRS will deliver to the sponsoring entity a notice of default specifying the event of default and, if applicable, identifying each sponsored direct reporting NFFE to which the notice relates. The IRS will request that the sponsoring entity remediate the event of default within 45 days (unless additional time is requested and agreed to by the IRS). The sponsoring entity must respond to the notice of default and provide information responsive to an IRS request for information or state the reasons why the sponsoring entity does not agree that an event of default has occurred.

(3) *Remediation of event of default.* A sponsoring entity will be permitted to remediate an event of default to the extent that it agrees with the IRS on a remediation plan. The IRS may, as part of a remediation plan, require additional information from the sponsoring entity, remedial actions, or the performance of the specified review procedures

described in paragraph (f)(3)(ii) of this section.

(4) *Termination—(i) In general.* If the sponsoring entity does not provide a response to a notice of default within the period specified in paragraph (g)(2) of this section, or if the sponsoring entity does not satisfy the conditions of the remediation plan within the time period specified by the IRS, the IRS may deliver a notice of termination that terminates the sponsoring entity's status, the status of one or more sponsored direct reporting NFFEs as a direct reporting NFFE, or both the sponsoring entity and one or more sponsored direct reporting NFFEs.

(ii) *Termination of sponsoring entity.* If the IRS notifies the sponsoring entity that its status is terminated, the sponsoring entity must send notice of the termination to each withholding agent from which it receives payments and each financial institution with which it holds an account for which a withholding certificate or written statement prescribed in § 1.1471–3(d)(11)(x)(B) (as applicable) was provided with respect to each sponsored direct reporting NFFE within 30 days after the date of termination. A sponsoring entity that has had its status terminated cannot reregister on the FATCA registration Web site to act as a sponsoring entity for any sponsored direct reporting NFFE unless it receives written approval from the IRS. Unless the status of the sponsored direct reporting NFFEs has been terminated, the sponsored direct reporting NFFEs may register on the FATCA registration Web site as direct reporting NFFEs or as sponsored direct reporting NFFEs of another sponsoring entity, other than a sponsoring entity that is related to the sponsoring entity that was terminated. An entity is related to the terminated sponsoring entity if they have a relationship with each other that is described in section 267(b).

(iii) *Termination of sponsored direct reporting NFFE.* If the IRS notifies the sponsoring entity that the status of a sponsored direct reporting NFFE is terminated (but not the sponsoring entity's status), the sponsoring entity must remove the sponsored direct reporting NFFE from the sponsoring entity's registration account on the FATCA registration Web site and send notice of the termination to each withholding agent from which the sponsored direct reporting NFFE receives payments and each financial institution with which it holds an account for which a withholding certificate or written statement prescribed in § 1.1471–3(d)(11)(x)(B) (as applicable) was provided with respect

to such sponsored direct reporting NFFE within 30 days after the date of termination. A sponsored direct reporting NFFE that has had its status as a sponsored direct reporting NFFE terminated (independent from a termination of status of its sponsoring entity) may not register on the FATCA registration Web site as a direct reporting NFFE or as a sponsored direct reporting NFFE of another sponsoring entity unless it receives written approval from the IRS.

(iv) *Reconsideration of notice of default or notice of termination.* A sponsoring entity or sponsored direct reporting NFFE may request, within 90 days of a notice of default or notice of termination, reconsideration of the notice of default or notice of termination by written request to the IRS.

\* \* \* \* \*

■ **Par. 7.** Section 1.1474–1 is amended by adding paragraph (d)(4)(vii) to read as follows:

**§ 1.1474–1 Liability for withheld tax and withholding agent reporting.**

(d) \* \* \*

(4) \* \* \*

(vii) [The text of proposed § 1.1474–1(d)(4)(vii) is the same as the text of § 1.1474–1T(d)(4)(vii) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

**John Dalrymple,**

*Deputy Commissioner for Services and Enforcement.*

[FR Doc. 2016–31599 Filed 12–30–16; 4:15 pm]

**BILLING CODE 4830–01–P**

**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**26 CFR Part 1**

[REG–134247–16]

RIN 1545–BN73

**Revision of Regulations Under Chapter 3 Regarding Withholding of Tax on Certain U.S. Source Income Paid to Foreign Persons**

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

**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations.

**SUMMARY:** In the Rules and Regulations section of this issue of the **Federal Register**, the Department of the Treasury (Treasury Department) and the IRS are issuing temporary regulations (TD 9808) that revise certain provisions of the final

regulations regarding withholding of tax on certain U.S. source income paid to foreign persons and requirements for certain claims for refund or credit of income tax made by foreign persons. The text of the 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 April 6, 2017.

**ADDRESSES:** Send submissions to: CC:PA:LPD:PR (REG-134247-16), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-134247-16), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC 20224, or sent electronically, via the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov) (IRS REG-134247-16).

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposed regulations, Leni Perkins, (202) 317-6942; concerning submissions of comments and/or requests for a public hearing, Regina Johnson, (202) 317-6901 (not toll-free numbers).

**SUPPLEMENTARY INFORMATION:**

**Background**

The temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend the Income Tax Regulations (26 CFR part 1) relating to section 1441 of the Internal Revenue Code (Code). The temporary regulations set forth rules relating to withholding and reporting requirements under chapter 3 of the Code, including rules relating to claims for a reduced rate of withholding under an income tax treaty. The preamble to the temporary regulations explains the temporary regulations and these proposed regulations.

**Special Analyses**

Certain IRS regulations, including these, are exempt from the requirements of Executive Order 12866, as supplemented and reaffirmed by Executive Order 13653. Therefore, a regulatory assessment is not required.

It is hereby certified that the collection of information in this notice of proposed rulemaking will not have a significant economic impact on a substantial number of small entities within the meaning of section 601(6) of the Regulatory Flexibility Act (5 U.S.C. chapter 6).

The domestic small business entities that are subject to the collections of information in this notice of proposed rulemaking are those domestic business entities that are payors of certain U.S. source income to foreign persons. These domestic small business entities are subject to comprehensive rules under chapter 3 to identify the proper treatment of payees for purposes of that chapter's information reporting and tax withholding purposes. The domestic small business entities subject to the collections of information in this notice of proposed rulemaking are also subject to comprehensive information reporting and tax withholding rules under chapters 4 and 61 with respect to payments of certain U.S. source income subject to information reporting and tax reporting under chapter 3. These payors are also subject to information and reporting rules under section 3406.

Payors of payments that are subject to the information reporting and withholding regimes under chapter 3 play an important role in U.S. tax compliance by providing information about payments made to, and income earned by, U.S. and foreign taxpayers.

Although the Treasury Department and the IRS anticipate that a substantial number of domestic small entities will be affected by the collection of information in this notice of proposed rulemaking, the Treasury Department and the IRS believe that the economic impact to these entities resulting from the information collection requirements will not be significant. The reporting obligations under these proposed regulations flow from the obligations that domestic small entities may have as withholding agents for payments of amounts subject to withholding under sections 1441 or 1442. As withholding agents, these entities have already been subject to the overall framework of these regulations, and the economic burden of complying with any additional requirements will be minimal. Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act is not required. Pursuant to section 7805(f) of the Code, this regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small businesses.

**Comments and Public Hearing**

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments that are submitted timely to the IRS as prescribed in this preamble under the "ADDRESSES" heading. The Treasury Department and the IRS request comments on all aspects

of the proposed rules, including comments on the clarity of the proposed rules and how compliance therewith could be made easier. 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 author of these proposed regulations is Leni C. Perkins, Office of Associate Chief Counsel (International). However, other personnel from the Treasury Department and the IRS participated in their development.

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

Income taxes, Reporting and recordkeeping requirements.

**Proposed Amendments to the Regulations**

Accordingly, 26 CFR part 1 is proposed to be 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 1.1441-1 is amended by:

- 1. Adding paragraphs (b)(7)(ii)(B) and (c)(2)(ii).
- 2. Revising paragraph (c)(3)(ii).
- 3. Adding paragraphs (c)(38)(ii), (e)(2)(ii)(B), (e)(3)(iv)(C)(3), (e)(4)(i)(B), (e)(4)(ii)(A)(2), (e)(4)(iv)(D), and (e)(4)(iv)(E).

The revisions and additions read as follows:

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

\* \* \* \* \*

- (b) \* \* \*
- (7) \* \* \*
- (ii) \* \* \*

(B) [The text of the proposed amendment to § 1.1441-1(b)(7)(ii)(B) is the same as the text of § 1.1441-1T(b)(7)(ii)(B) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

- (c) \* \* \*
- (2) \* \* \*

(ii) [The text of the proposed amendment to § 1.1441-1(c)(2)(ii) is the same as the text of § 1.1441-1T(c)(2)(ii) published elsewhere in this issue of the **Federal Register**.]

(3) \* \* \*

(ii) [The text of the proposed amendment to § 1.1441-1(c)(3)(ii) is the same as the text of § 1.1441-1T(c)(3)(ii) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(38) \* \* \*

(ii) [The text of the proposed amendment to § 1.1441-1(c)(38)(ii) is the same as the text of § 1.1441-1T(c)(38)(ii) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(e) \* \* \*

(2) \* \* \*

(ii) \* \* \*

(B) [The text of the proposed amendment to § 1.1441-1(e)(2)(ii)(B) is the same as the text of § 1.1441-1T(e)(2)(ii)(B) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(3) \* \* \*

(iv) \* \* \*

(C) \* \* \*

(3) [The text of the proposed amendment to § 1.1441-1(e)(3)(iv)(C)(3) is the same as the text of § 1.1441-1T(e)(3)(iv)(C)(3) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(4) \* \* \*

(i) \* \* \*

(B) [The text of the proposed amendment to § 1.1441-1(e)(4)(i)(B) is the same as the text of § 1.1441-1T(e)(4)(i)(B) published elsewhere in this issue of the **Federal Register**.]

(ii) \* \* \*

(A) \* \* \*

(2) [The text of the proposed amendment to § 1.1441-1(e)(4)(ii)(A)(2) is the same as the text of § 1.1441-1T(e)(4)(ii)(A) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(iv) \* \* \*

(D) [The text of the proposed amendment to § 1.1441-1(e)(4)(iv)(D) is the same as the text of § 1.1441-1T(e)(4)(iv)(D) published elsewhere in this issue of the **Federal Register**.]

(E) [The text of the proposed amendment to § 1.1441-1(e)(4)(iv)(E) is the same as the text of § 1.1441-1T(e)(4)(iv)(E) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

■ **Par. 3.** Section 1.1441-2 is amended by adding paragraph (a)(8) to read as follows:

**§ 1.1441-2 Amounts subject to withholding.**

(a) \* \* \*

(8) [The text of the proposed amendment to § 1.1441-2(a)(8) is the

same as the text of § 1.1441-2T(a)(8) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

■ **Par. 4.** Section 1.1441-6 is amended by:

■ 1. Adding paragraphs (b)(1)(i) and (b)(1)(ii).

■ 2. Revising paragraphs (c)(1) and (c)(5)(i).

The additions and revision read as follows:

**§ 1.1441-6 Claim of reduced withholding under an income tax treaty.**

\* \* \* \* \*

(b) \* \* \*

(1) \* \* \*

(i) [The text of the proposed amendment to § 1.1441-6(b)(1)(i) is the same as the text of § 1.1441-6T(b)(1)(i) published elsewhere in this issue of the **Federal Register**.]

(ii) [The text of the proposed amendment to § 1.1441-6(b)(1)(ii) is the same as the text of § 1.1441-6T(b)(1)(ii) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(c) \* \* \*

(1) [The text of the proposed amendment to § 1.1441-6(c)(1) is the same as the text of § 1.1441-6T(c)(1) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

(5) \* \* \*

(i) [The text of the proposed amendment to § 1.1441-6(c)(5)(i) is the same as the text of § 1.1441-6T(c)(5)(i) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

■ **Par. 5.** Section 1.1441-7 is amended by adding paragraph (b)(10)(iv) to read as follows:

**§ 1.1441-7 General provisions relating to withholding agents.**

\* \* \* \* \*

(b) \* \* \*

(10) \* \* \*

(iv) [The text of the proposed amendment to § 1.1441-7(b)(10)(iv) is the same as the text of § 1.1441-7T(b)(10)(iv) published elsewhere in this issue of the **Federal Register**.]

\* \* \* \* \*

**John Dalrymple,**

*Deputy Commissioner for Services and Enforcement.*

[FR Doc. 2016-31589 Filed 12-30-16; 4:15 pm]

**BILLING CODE 4830-01-P**

**DEPARTMENT OF THE INTERIOR**

**National Park Service**

**36 CFR Part 1**

[NPS-WASO-REGS-17326; GPO Deposit Account 4311H2]

RIN 1024-AE30

**General Provisions; Electronic Cigarettes**

**AGENCY:** National Park Service; Interior.

**ACTION:** Proposed rule.

**SUMMARY:** The National Park Service proposes to revise the regulation that defines smoking to include the use of electronic cigarettes and other electronic nicotine delivery systems. The National Park Service also proposes to allow a superintendent to close an area, building, structure, or facility to smoking when necessary to maintain public health and safety.

**DATES:** Comments must be received by 11:59 p.m. EST on March 7, 2017.

**ADDRESSES:** You may submit your comments, identified by Regulation Identifier Number (RIN) 1024-AE30, by any of the following methods:

- *Electronically:* Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

- *Hard copy:* Mail or hand deliver to: A.J. North, Regulations Program, National Park Service, 1849 C Street NW., MS-2355, Washington, DC 20240.

*Instructions:* All submissions received must include the agency name and RIN for this rulemaking. We will only accept comments as noted above. We will not accept comments via email, fax or by any other methods. All comments received will be posted without change to <http://www.regulations.gov>, including any personal information provided. For additional information, see the Public Participation heading of the **SUPPLEMENTARY INFORMATION** section of this document.

*Docket:* For access to the docket to read background documents or comments received, go to <http://www.regulations.gov>.

**FOR FURTHER INFORMATION CONTACT:** Sara Newman, Director, Office of Public Health, by telephone 202-513-7225, or email [sara\\_newman@nps.gov](mailto:sara_newman@nps.gov).

**SUPPLEMENTARY INFORMATION:**

**Background**

*General Authority and Jurisdiction*

In the National Park Service Organic Act of 1916, Congress granted the National Park Service (NPS) broad