

of 1954 (68A Stat. 367 and 917; 26 U.S.C. 1502 and 7805).

Jerome Kurtz,

Commissioner of Internal Revenue.

Approved: September 26, 1980.

Donald C. Lubick,

Assistant Secretary of the Treasury.

Paragraph 1. Section 1.1502-12 is amended as follows:

1. The material preceding paragraph (a) is revised.
 2. The word "and" at the end of paragraph (n) is deleted.
 3. Paragraph (o) is revised.
 4. A new paragraph (p) is added.
- The new and revised provisions read as follows:

§ 1.1502-12 Separate taxable income.

The separate taxable income of a member (including a case in which deductions exceed gross income) is computed in accordance with the provisions of the Code covering the determination of taxable income of separate corporations, subject to the following modifications:

- (o) Basis shall be determined under §§ 1.1502-31 and 1.1502-32, and earnings and profits shall be determined under § 1.1502-33; and
- (p) The limitation on deductions provided in section 613A shall be taken into account for each member's oil and gas properties as provided in § 1.1502-44.

Par. 2. A new § 1.1502-44 is added to read as follows:

§ 1.1502-44 Percentage depletion for independent producers and royalty owners.

(a) *In general.* The sum of the percentage depletion deductions for the taxable year for all oil or gas property owned by all members, plus any carryovers under section 613A(d)(1) or paragraph (d) of this section from a prior taxable year, may not exceed 65 percent of the group's adjusted consolidated taxable income (under paragraph (b) of this section) for the consolidated return year.

(b) *Adjusted consolidated taxable income.* For purposes of this section, adjusted consolidated taxable income is an amount (not less than zero) equal to the group's consolidated taxable income determined without—

(1) Any depletion with respect to an oil or gas property (other than a gas property with respect to which the depletion allowance for all production is determined pursuant to section 613A(b)) for which percentage depletion would exceed cost depletion in the absence of the depletable quantity limitations

contained in section 613A(c) (1) and (6) and the consolidated taxable income limitation contained in paragraph (a) of this section.

(2) Any consolidated net operating loss carryback to the consolidated return year under § 1.1502-21, and

(3) Any consolidated net capital loss carryback to the consolidated return year under § 1.1502-22.

(c) *Allocation to oil and gas properties.* The maximum amount allowable as a deduction under section 613A(c), after the application of paragraph (a) of this section, is allocated to properties held by members in accordance with the regulations under section 613A(d). Those regulations provide for an initial allocation and possible reallocation of the maximum allowable percentage depletion deduction among oil and gas properties. Thus, if, after the initial allocation, cost depletion exceeds the percentage depletion that would be allowable for a particular oil or gas property, cost depletion must be used for that property and the maximum amount of percentage depletion allowable as a deduction for the group is reallocated among only the remaining properties held by all members.

(d) *Carryover for disallowed amounts.*

(1) If any amount is disallowed as a deduction for the taxable year by reason of section 613A(d)(1) or paragraph (a) of this section, the disallowed amount for each oil or gas property is treated as an amount allowed as a deduction under section 613A(c), for the following taxable year for the member that owned the property, in accordance with the regulations under section 613A and paragraphs (a) and (d)(2) of this section.

(2) Any amount that was disallowed as a deduction in a separate return limitation year of a member may be carried to a consolidated return year only to the extent that 65 percent of the excess determined under paragraph (d)(3) of this section exceeds the sum of the otherwise allowable percentage depletion deductions for the member's oil and gas properties for the year.

(3) The excess determined in this subparagraph (3) for a member is the excess, if any, of adjusted consolidated taxable income for the year under paragraph (b) of this section over that income recomputed by excluding the items of income and deductions of the member.

(e) *Effective date.* This section applies to taxable years for which the due date

(without extensions) for filing returns is after September 30, 1980.

[FR Doc. 80-30881 Filed 9-30-80; 4:15 pm]

BILLING CODE 4830-01-M

26 CFR Parts 301 and 404

[T.D. 7724]

Disclosure of Return Information to and by Officers and Employees of the Department of Commerce for Certain Statistical Purposes and Related Activities

AGENCY: Internal Revenue Service, Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the disclosure of certain return information to and by officers and employees of the Department of Commerce for certain statistical purposes and related activities. They affect all disclosures to and by the Bureaus of the Census and Economic Analysis.

DATE: The regulations apply to disclosures of return information after December 31, 1976.

FOR FURTHER INFORMATION CONTACT: David E. Dickinson of the Legislation and Regulations Division, Office of the Chief Counsel, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, D.C. 20224, Attention: CC:LR:T, 202-566-3218.

SUPPLEMENTARY INFORMATION:

Background

On March 24, 1980, the Federal Register published proposed regulations relating to disclosure of return information to and by the Bureaus of the Census and Economic Analysis of the Department of Commerce for certain statistical purposes under section 6103(j)(1) of the Internal Revenue Code of 1954. A public hearing was requested, but the request was withdrawn. After considering the two comments received, those proposed regulations are adopted as revised by this Treasury decision.

These regulations provide rules governing disclosures of return information to certain officers and employees of the Department of Commerce for statistical purposes and related activities authorized by section 6103(j)(1) of the Code.

The regulations describe in detail the particular return information which the Service will disclose to officers and employees of the Bureaus of the Census and Economic Analysis for use in statistical programs and related activities authorized by law. The

regulations also prescribe the procedures to be followed with respect to requested disclosures of return information and the limited extent to which such return information can be redisclosed and provide that the confidentiality of return information disclosed as provided by the regulations must be protected to the satisfaction of the Service.

Two comments were received with respect to the proposed regulations. One objected on principle to the disclosure of any return information to the Bureau of the Census and Economic Analysis. This objection fails to recognize that section 6103(j)(1) of the Code specifically authorizes such disclosures.

The second comment came from the Bureau of the Census and relates to a technical flaw in the proposed regulations. Prior to February 21, 1980, the temporary disclosure regulations authorized the disclosure of return information to the Bureau for purposes of conducting statistical programs "authorized by law." This authority permitted Bureau access to return information for both mandated statistical programs described in chapter 5 of Title 13, United States Code, and discretionary statistical programs conducted by the Bureau at the request of other agencies and persons under the authority of chapter 1 of Title 13. On February 21, 1980, however, the temporary regulations were amended to restrict Bureau use of return information to mandated statistical programs under chapter 5. At the time of this amendment, the fact was overlooked that the Bureau was in the process of conducting an important chapter 1 study requested by another Federal agency and was using employment tax data for this purpose. The effect of the amendment was to deny the Bureau further access to employment tax data to complete the study.

Because the Bureau undertook this chapter 1 study in reliance on regulatory authority in existence at the time, these final regulations effectively permit the Bureau to continue using employment tax data in order to complete its chapter 1 study. See § 301.6103(j)(1)-1(b)(5).

Finally, these final regulations make minor technical amendments to § 301.6103(j)(1)-1(b)(3) (ii) and (iii), as proposed, to authorize disclosure of a consolidated return indicator and to conform the description of return information to be disclosed to business related information readily available from Form 1040, Schedule F.

Drafting Information

The principal author of these regulations was David E. Dickinson of

the Legislation and Regulations Division of the Office of Chief Counsel, Internal Revenue Service. However, personnel from other offices of the Internal Revenue Service and Treasury Department participated in developing the regulations, both on matters of substance and style.

Adoption of the Regulations

Accordingly, the regulations regarding disclosures of return information to and by the Bureau of the Census and Economic Analysis are adopted as proposed in the **Federal Register** on March 24, 1980, with the following changes:

(1) New § 301.6103(j)(1)-1 is added immediately after § 301.6103(i)-1, and
(2) Paragraph (b)(3)(ii) and (iii) and (5) of § 301.6103(j)(1)-1, as proposed, are revised to read as follows:

§ 301.6103(j)(1)-1 *Disclosures of return information to officers and employees of the Department of Commerce for certain statistical purposes and related activities.*

(b) *Disclosure of return information to officers and employees of the Bureau of the Census.* * * *

(3) * * *
(ii) From Form 1120F, Section II, and Forms 1065, 1120, 1120S, 990C, and 990T, the taxpayer identifying number (as described in section 6109), the principal industrial activity code, the consolidated return indicator (if any), and reported gross receipts less returns and allowances;

(iii) From Form 1040, Schedule F, taxpayer identity information, reported gross profits, and labor hired;

(5) Subject to the requirements of paragraph (d) of this section and § 301.6103(p)(2)(B)-1, officers or employees of the Social Security Administration to whom the following return information has been disclosed as provided by section 6103(j)(1)(A) or (5) may disclose such return information to officers and employees of the Bureau of the Census for necessary purposes described in subparagraph (2) or (3) of this paragraph (or for purposes of conducting, as authorized by chapter 1 of Title 13, United States Code, a demographic or economic statistics program or census and related program evaluation in progress as of February 21, 1980)—

(i) From Form SS-4, all return information reflected on such return;

(ii) From an employment tax return—
(A) Taxpayer identifying number (as described in section 6109) of the employer and any employee identified on such return,
(B) Total number of employees reflected on the return,

(C) Total number of individuals employed in the taxable period covered by the return,

(D) Total compensation reported,

(E) Taxable wages paid for purposes of chapter 21 to each such employee,

(F) Taxable tip income for purposes of chapter 21 reported on the return with respect to each such employee,

(G) Total taxable wages paid for purposes of chapter 21, and

(H) Total taxable tip income reported for purposes of chapter 21,

(I) Employment code; and

(iii) From Form 1040, Schedule SE—

(A) Taxpayer identifying number of self-employed individual,

(B) Business activities subject to the tax imposed by chapter 21,

(C) Net earnings from farming,

(D) Net earnings from nonfarming activities,

(E) Total net earnings from self-employment, and

(F) Taxable self-employment income for purposes of chapter 2.

This Treasury decision is issued under the authority contained in sections 6103(j)(1) and (q) and 7805 of the Internal Revenue Code of 1954 (90 Stat. 1678 and 1685, 68A Stat. 7805; 26 U.S.C. 6103(j)(1) and (q), 7805).

Jerome Kurtz,

Commissioner of Internal Revenue.

Approved: September 19, 1980.

Donald C. Lubick,

Assistant Secretary of the Treasury.

PART 301—PROCEDURE AND ADMINISTRATION

Paragraph 1. The following new section is added immediately after § 301.6103(i)-1.

§ 301.6103(j)(1)-1 *Disclosures of return information to officers and employees of the Department of Commerce for certain statistical purposes and related activities.*

(a) *General rule.* Pursuant to the provisions of section 6103(j)(1) of the Internal Revenue Code and subject to the requirements of paragraph (d) of this section, officers or employees of the Internal Revenue Service will disclose return information (as defined by section 6103(b)(2) but not including return information described in section 6103(o)(2)) to officers and employees of the Department of Commerce to the extent, and for such purposes as may be, provided by paragraphs (b) and (c) of this section. Further, in the case of any disclosure of return information so provided by paragraphs (b) and (c), the tax period or accounting period to which such return information relates will also be disclosed.

(b) *Disclosure of Return Information to Officers and Employees of the Bureau of the Census.* (1) Officers or employees of the Service will disclose the following return information reflected on returns of an individual taxpayer to officers and employees of the Bureau of the Census for purposes of, but only to the extent necessary in, conducting and preparing, as authorized by chapter 5 of Title 13, United States Code, intercensal

estimates of population and per capita income for all geographic areas included in the general revenue sharing program and demographic statistics programs, censuses and related program evaluation—

(i) Taxpayer identity information (as defined in section 6103(b)(6) of the Code), validity code with respect to the taxpayer identifying number (as described in section 6109), and taxpayer identifying number of spouse, if reported;

(ii) District office and service center codes;

(iii) Marital status;

(iv) Numbers and classifications of reported exemptions;

(v) Adjusted gross income;

(vi) Wage and salary income;

(vii) Dividend income;

(viii) Interest income;

(ix) Gross rent and royalty income;

(x) Entity code;

(xi) Residence information from the revenue sharing question;

(xii) Code indicators for Form 1040; Schedules C, D, E, F, and SE;

(xiii) Julian date relative to filing; and

(xiv) (A) Earned income credit, and (B) Advance earned income credit payment received.

(2) Officers or employees of the Service will disclose to officers and employees of the Bureau of the Census for purposes of, but only to the extent necessary in, conducting, as authorized by chapter 5 of Title 13, United States Code, demographic, economic, and agricultural statistics programs and censuses and related program evaluation—

(i) From the business master files of the Service, the taxpayer name directory and entity records consisting of taxpayer identity information (as defined in section 6103(b)(6)) with respect to taxpayers engaged in a trade or business, the principal industrial activity code, and monthly corrections of, and additions to, such entity records.

(ii) From Form SS-4, all return information reflected on such return;

(iii) From an employment tax return—

(A) Taxpayer identifying number (as described in section 6109) of the employer and any employee identified on such return.

(B) Total compensation reported,

(C) Total number of employees

reflected on such return.

(D) Master file tax account number,

(E) Taxable period covered by such return,

(F) Employment code,

(G) Final return indicator,

(H) Document locator number,

(I) Record code.

(J) Total number of individuals employed in the taxable period covered by the return,

(K) Taxable wages paid for purposes of chapter 21 to each such employee,

(L) Taxable tip income for purposes of chapter 21 reported on the return with respect to each such employee,

(M) Total taxable wages paid for purposes of chapter 21, and

(N) Total taxable tip income reported for purposes of chapter 21; and

(iv) From Form 1040, Schedule SE—

(A) Taxpayer identifying number of self-employed individual,

(B) Business activities subject to the tax imposed by chapter 21,

(C) Net earnings from farming,

(D) Net earnings from nonfarming activities,

(E) Total net earnings from self-employment, and

(F) Taxable self-employment income for purposes of chapter 2.

(3) Officers or employees of the Service will disclose the following business related return information reflected on the return of a taxpayer to officers and employees of the Bureau of the Census for purposes of, but only to the extent necessary in, conducting and preparing, as authorized by chapter 5 of Title 13, United States Code, demographic, economic, and agricultural statistics programs and censuses—

(i) From Form 1040, Schedule C, taxpayer identity information (as defined in section 6103(b)(6)), the principal industrial activity code, reported gross receipts, returns and allowances, cost of labor, and salaries and wages;

(ii) From Form 1120F, Section II, and Forms 1065, 1120, 1120S, 990C, and 990T, the taxpayer identifying number (as described in section 6109), the principal industrial activity code, the consolidated return indicator (if any), and reported gross receipts less returns and allowances;

(iii) From Form 1040, Schedule F, taxpayer identity information, reported gross profits, and labor hired;

(iv) From Form 1040, Schedule C, and Forms 1065, 1120, and 1120S, answers to the business activity questions;

(v) From Form 1040, Schedule C, business address and answer to the question relating to Form 941;

(vi) From Form 990PF, the taxpayer identifying number, the principal industrial activity code, and reported total receipts;

(vii) From Form 1065, the names and taxpayer identifying numbers of no more than 10 members of the partnership; and

(viii) From Form 1120S, the names and taxpayer identifying numbers of, and the number of shares of stock owned by, no

more than 10 shareholders of the corporation.

(4) Officers or employees of the Service will disclose return information relating to a taxpayer contained in the exempt organization master files of the Service to officers and employees of the Bureau of the Census for purposes of, but only to the extent necessary in, conducting and preparing, as authorized by chapter 5 of Title 13, United States Code, economic censuses. This return information consists of taxpayer identity information (as defined in section 6103(b)(6)), activity codes, and filing requirement code, and monthly corrections of, and additions to, such return information.

(5) Subject to the requirements of paragraph (d) of this section and § 301.6103(p)(2)(B)-1, officers or employees of the Social Security Administration to whom the following return information has been disclosed as provided by section 6103(l)(1)(A) or (5) may disclose such return information to officers and employees of the Bureau of the Census for necessary purposes described in subparagraph (2) or (3) of this paragraph (or for purposes of conducting, as authorized by chapter 1 of Title 13, United States Code, a demographic or economic statistics program or census and related program evaluation in progress as of February 21, 1980)

(i) From Form SS-4, all return information reflected on such return;

(ii) From an employment tax return—

(A) Taxpayer identifying number (as described in section 6109) of the employer and any employee identified on such return,

(B) Total number of employees reflected on the return,

(C) Total number of individuals employed in the taxable period covered by the return,

(D) Total compensation reported,

(E) Taxable wages paid for purposes of chapter 21 to each such employee,

(F) Taxable tip income for purposes of chapter 21 reported on the return with respect to each such employee,

(G) Total taxable wages paid for purposes of chapter 21, and

(H) Total taxable tip income reported for purposes of chapter 21,

(I) Employment code; and

(iii) From Form 1040, Schedule SE—

(A) Taxpayer identifying number of self-employed individual,

(B) Business activities subject to the tax imposed by chapter 21,

(C) Net earnings from farming,

(D) Net earnings from nonfarming activities,

(E) Total net earnings from self-employment, and

(F) Taxable self-employment income for purposes of chapter 2.

(c) *Disclosure of return information to officers and employees of the Bureau of Economic Analysis.* Officers or employees of the Service will disclose to officers and employees of the Bureau of Economic Analysis for purposes of, but only to the extent necessary in, conducting and preparing, as authorized by law, statistical analyses return information consisting of Statistics of Income transcript—edit sheets containing return information reflected on returns of designated classes or categories of corporations with respect to the tax imposed by chapter 1 and microfilmed records of return information reflected on such returns where needed for further use in connection with such conduct or preparation.

(d) *Procedures and restrictions.* Disclosure of return information by officers or employees of the Service or the Social Security Administration as provided by paragraphs (b) and (c) of this section will be made only upon written request to the Commissioner of Internal Revenue by the Secretary of Commerce describing—

(1) The particular return information to be disclosed,

(2) The taxable period or date to which such return information relates, and

(3) The particular purpose for which the return information is to be used, and designating by name and title the officers and employees of the Bureau of the Census or the Bureau of Economic Analysis to whom such disclosure is authorized. No such officer or employee to whom return information is disclosed pursuant to the provisions of paragraph (b) or (c) shall disclose such return information to any person, other than the taxpayer to whom such return information relates or other officers or employees of such bureau whose duties or responsibilities requires such disclosure for a purpose described in paragraph (b) or (c), except in a form which cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer. If the Service determines that the Bureau of the Census or the Bureau of Economic Analysis, or any officer or employee thereof, has failed to, or does not, satisfy the requirements of section 6103(p)(4) of the Code or regulations or published procedures thereunder, the Service may take such actions as are deemed necessary to ensure that such requirements are or will be satisfied, including suspension of disclosures of return information otherwise authorized by section 6103 (j)(1) and paragraph (b)

or (c) of this section, until the Service determines that such requirements have been or will be satisfied.

PART 404—TEMPORARY REGULATIONS ON PROCEDURE AND ADMINISTRATION UNDER THE TAX REFORM ACT OF 1976

§ 404.6103(j)(1)–1 [Deleted]

Par. 2. Section 404.6103(j)(1)–1 is deleted.

[FR Doc. 80-30902 Filed 10-2-80; 8:45 am]

BILLING CODE 4830-01-M

26 CFR Parts 301, 404, and 420

(T.D. 7723)

Disclosures of Returns and Return Information

AGENCY: Internal Revenue Service, Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to disclosures of returns and return information under certain circumstances. These regulations affect disclosures of such returns and return information for such purposes as are described herein.

DATES: The regulations apply to disclosures of returns and return information made after October 3, 1980.

FOR FURTHER INFORMATION CONTACT: David E. Dickinson of the Legislation and Regulations Division, Office of Chief Counsel, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, D.C. 20224. Attention: CC:LR:T, 202-566-3218, not a toll-free call.

SUPPLEMENTARY INFORMATION:

Background

On March 24, 1980, the *Federal Register* published proposed regulations on section 6103 of the Internal Revenue Code of 1954, relating to disclosures of returns and return information (45 FR 18986). Three comments on these proposed regulations were received, but no public hearing was requested or held.

This Treasury decision adopts the regulations as proposed with changes to §§ 301.6103(l)(2)–3 and 301.6103(n)–1 described below.

Provisions of the Regulations

Sections 301.6103(a)–1 and 301.6103(a)–2

Prior to its amendment by section 1202 of the Tax Reform Act of 1976, effective as of January 1, 1977, section 6103(a) of the Code authorized the disclosure of Federal tax data by the Internal Revenue Service to other Federal

agencies for nontax related purposes as provided by orders of the President and implementing rules and regulations approved by the President. Section 301.6103(a)–1 provides that returns and return information so disclosed by the Service to another Federal agency before January 1, 1977 pursuant to the authority of prior law (and orders of the President and implementing rules and regulations) may, with one restriction, be disclosed after December 31, 1976 by such agency for any purpose authorized by such prior law (and orders, rules, and regulations). The restriction on such further disclosure is use of such returns or return information after December 31, 1976, by, or on behalf of, the Federal agency in an administrative or judicial proceeding. Such use is restricted to an administrative or judicial proceeding described in section 6103(i)(4) and then only if the requirements of section 6103(i)(4) are first met.

Prior to amendment by the Tax Reform Act of 1976, the Code authorized disclosures of tax returns and tax return information to Justice Department attorneys and Internal Revenue Service Chief Counsel personnel for Federal tax administration purposes as provided by Presidentially approved regulations. A substantial volume of tax returns and tax return information furnished to these attorneys and personnel for tax administration purposes under prior law and regulations was in their possession on January 1, 1977, the effective date of the new statutory disclosure rules of the Act.

Section 301.6103(a)–2 provides that, as a general rule, tax returns and tax return information furnished to these persons under prior law for Federal tax administration purposes may be used by them after December 31, 1976 for tax administration purposes authorized by prior law. However, if any such tax returns or tax return information is to be introduced into evidence in tax litigation after that date, the statutory relevancy tests prescribed by the new law must first be met.

Section 301.6103(c)–1

The Tax Reform Act of 1976 amended section 6103(c) of the Code to permit disclosures of tax returns and tax return information to a person designated by the taxpayer in a written request or consent. Paragraph (a) of § 301.6103(c)–1 prescribes rules governing the necessary form and content of these written requests or consents. Paragraph (b) of § 301.6103 (c)–1 prescribes rules for disclosures to a person who has been requested by the taxpayer to obtain information or provide assistance

concerning a contact between the taxpayer and the Service.

Section 301.6103(h)(2)-1

This Treasury decision amends § 301.6103(h)(2)-1 of existing regulations to conform them to certain amendments made to section 6103(h)(2) of the Code by section 503 of the Revenue Act of 1978. First, the section is amended to make the requirements of section 6103(h)(2), rather than those of section 6103(h)(4), applicable to the use of returns and return information in Federal grand jury proceedings involving tax administration. Second, the section is amended to authorize Service disclosures of returns and return information to "officers and employees" of the Department of Justice as opposed to the more limited category of "attorneys" as provided by prior law.

Section 301.6103(i)-1

This section of the regulations describes the circumstances and conditions under which returns and return information may be disclosed to and by officers and employees of the Department of Justice and other Federal agencies in connection with preparation for, or investigations which may result in, proceedings pertaining to the enforcement of specifically designated Federal criminal statutes (not involving tax administration) to which the United States or a Federal agency is or may be a party. This section also makes it clear that use of returns and return information by the Department of Justice in Federal grand jury proceedings is governed by the requirements of section 6103(i) (1) or (2) of the Code rather than those of section 6103(i)(4).

Section 301.6103(j)(2)-1

This section of the regulations provides rules governing disclosures of return information to certain officers and employees of the Federal Trade Commission for statistical purposes and related activities authorized by section 6103(j)(2) of the Code.

The regulations describe in detail the particular return information which the Service will disclose to officers and employees of the Division of Financial Statistics of the Bureau of Economics of the Federal Trade Commission for use in statistical programs and related activities authorized by law. The regulations also prescribe the procedures to be followed with respect to requested disclosures of return information and the limited extent to which such return can be redisclosed and provide that the confidentiality of return information disclosed as provided

by the regulations must be protected to the satisfaction of the Service.

Section 301.6103(k)(6)-1

This section of the regulations provides rules governing disclosures of return information by officers and employees of the Service and Office of the Chief Counsel thereof for investigative purposes authorized by section 6103(k)(6) of the Code.

The regulations describe the circumstances and conditions under which such officers or employees are authorized to disclose return information to a person other than the taxpayer to whom such return information relates (or such taxpayer's representative) in connection with official duties relating to an examination, collection activity, civil or criminal investigation, enforcement activity, or other offense under the internal revenue laws or relating to certain personnel or claimant representative matters under such laws or 31 U.S.C. 1026.

Sections 301.6103(l)(2)-1, 301.6103(l)(2)-2, 301.6103(l)(2)-3

These sections of the regulations under section 6103(l)(2) of the Code provide rules regarding disclosures of returns and return information to and by officers and employees of the Department of Labor, the Pension Benefit Guaranty Corporation, and the Department of Justice for purposes of administering titles I and IV of the Employee Retirement Income Security Act of 1974. The section also makes it clear that returns and return information may be used by the Department of Justice in Federal grand jury proceeding where necessary to enforce the Act.

In response to a comment received, § 301.6103(l)(2)-3(a) (9), (21), and (22), as proposed, is revised, three additional categories of return information subject to automatic disclosure by the Service are added to § 301.6103(l)(2)-3(a), and § 301.6103(l)(2)-3(b)(3) is revised to require that requests for disclosures of additional returns and return information to officers and employees of the Department of Labor and Pension Benefit Guaranty Corporation identify such officers and employees only by title rather than by name and title. These changes are designed to further enhance compliance programs under titles I and IV of the Act.

Section 301.6103(n)-1

These regulations describe the circumstances and conditions under which an officer or employee of the Treasury Department (including the Internal Revenue Service), a State tax

agency described in section 6103(d), or the Social Security Administration is authorized under section 6103(n) of the Code to disclose returns and return information to a person for the purpose of procuring property and services necessary to Federal or State tax administration. The regulations provide general rules regarding the requirement of necessity for the disclosure and limiting the extent to which such disclosures are authorized. The regulations also provide that the person to whom disclosures are made for these purposes may in turn disclose the tax data only for purposes specified by section 6103(n) and must maintain, to the satisfaction of the Service, safeguards to protect the confidentiality of the returns and return information and ensure against unauthorized disclosures.

As proposed, § 301.6103(n)-1(d) failed to specify that the terms of a contract between the Social Security Administration and its contractor provide, or be amended to provide, that the contractor is to comply with the safeguard requirements described in that paragraph. As adopted, § 301.6103(n)-1(d) makes this clear.

Section 301.6103(p)(2)(B)-1

Under section 6103 of the Code, a substantial volume of tax returns and tax return information is disclosable by the Service to other Federal agencies for purposes authorized or required by section 6103. It is likely that much of this tax information otherwise disclosable directly by the Service to yet other agencies as authorized or required by section 6103 may be more readily available from the intermediate Federal agency than the Service. For this reason, § 301.6103(p)(2)(B)-1 permits the Service to authorize disclosures of tax returns and tax return information by the intermediate Federal agency to other agencies to whom section 6103 otherwise authorizes or requires disclosures directly by the Service. Under this regulation, however, the Service retains the authority to impose, by regulation or otherwise, such restrictions on these disclosures as the Service may deem appropriate to properly protect the confidentiality of the information to be disclosed consistent with the requirements of section 6103. Further, this regulation imposes upon the head of the disclosing Federal agency the duty to maintain records of disclosures made under this regulation in order to meet the reporting requirements of section 6103(p)(3) (B) and (C).

Drafting Information

The principal author of these regulations was David E. Dickinson of the Legislation and Regulations Division of the Office of the Chief Counsel, Internal Revenue Service. However, personnel from other offices of the Internal Revenue Service and Treasury Department participated in developing the regulations, both on matters of substance and style.

Adoption of Amendments to the Regulations

Accordingly, the amendments to 26 CFR Parts 301, 404, and 420 are adopted as proposed in the **Federal Register** on March 24, 1980 (45 FR 18986) with the following changes:

(1) Subparagraphs (9), (21), and (22) of § 301.6103(l)(2)-3(a) are revised; "; and" at the end of subparagraph (22) of § 301.6103(l)(2)-3(a) is deleted and ";," substituted in lieu thereof; the period at the end of subparagraph (23) of § 301.6103(l)-2-3(a) is deleted and "; and" substituted in lieu thereof; new subparagraphs (24), (25), (26) and (27) are added to § 301.6103(l)(2)-3(a); and subparagraph (3) of § 301.6103(l)(2)-3(b) is revised. These revised and added subparagraphs read as follows:

§ 301.6103(l)(2)-3 *Disclosure to Department of Labor and Pension Benefit Guaranty Corporation of certain returns and return information.*

(a) *Disclosures following general requests.* * * *

(9) Notification of receipt by the Service of, and action taken with respect to, an application by or on behalf of a particular taxpayer for a waiver of the tax imposed by section 4971(b);

(21) Notification of receipt by the Service of, and action taken with respect to, an application by or on behalf of a particular taxpayer for a waiver or variance of the minimum funding standard under section 303 of the Act or section 412(d);

(22) Notification that the Service intends to undertake, is undertaking, or has completed an examination to determine whether—

(i) A particular pension, profit-sharing, or stock bonus plan, a trust which is a part of such plan, or an annuity or stock purchase plan meets the applicable requirements of part 1 of subchapter D of chapter 1 of the Code;

(ii) Any particular person is or may be liable for any tax imposed by section 4971 or 4975; or

(iii) A particular employee welfare benefit plan, as defined in section 3(l) of the Act, meets the applicable requirements of section 501(c) or 120,

together with any completed Department of Labor or Pension Benefit Guaranty

Corporation form (and supplemental schedules) relating to such examination;

(24) Notification of receipt by the Service of a request for technical advice as to whether a particular pension, profit-sharing, or stock bonus plan, a trust which is a part of such plan, or an annuity or bond purchase plan should be disqualified because of fiduciary actions subject to part 4 of subtitle B of title I of the Act which may violate the exclusive benefit rule of section 401(a);

(25) Notification of receipt by the National Office of the Service of a request by or on behalf of a particular taxpayer for a ruling, opinion, variance, or waiver under any provision of title I of the Act and a copy of any such ruling, opinion, variance, or waiver;

(26) Notification that the Service proposes to take substantive action which would significantly impact on or substantially affect collectively bargained plans and a description of such proposed substantive action; and

(27) Notification of receipt by the Service of, and action taken with respect to, a request by a particular taxpayer for a ruling under section 412(c)(8), 412(e), or 412(f).

(b) *Additional returns and return information subject to disclosure—* * * *

(3) *Procedures.* Disclosure of returns or return information by officers or employees of the Service as provided by this paragraph will be made only upon written request to the Commissioner of Internal Revenue or his delegate by the Secretary of Labor or his delegate or the Executive Director of the Pension Benefit Guaranty Corporation or his delegate identifying the particular taxpayer by whom such return was made or to whom such return information relates, describing the particular returns or return information to be disclosed, stating the purpose for which the returns or return information is needed in the administration of title I or IV of the Act, and designating by title the officers and employees of such department or corporation to whom such disclosure is authorized.

(2) The second sentence of § 301.6103 (n)-1 (d) is revised to read as follows:

§ 301.6103 (n)-1 *Disclosure of returns and return information in connection with procurement of property and services for tax administration purposes.*

(d) *Safeguards.* * * * The terms of any contract between the Treasury Department, a State tax agency, or the Social Security Administration and a person pursuant to which a return or return information is or may be disclosed for a purpose described in paragraph (a) shall provide, or shall be amended to provide, that such person, and officers and employees of the person, shall comply with all such applicable conditions and restrictions as may be prescribed by the Service by regulation, published rules or procedures, or written communication to such person. * * *

This Treasury decision is issued under the authority contained in sections 6103

and 7805 of the Internal Revenue Code of 1954 (90 Stat. 1667, 68A Stat. 917; 26 U.S.C. 6103 and 7805).

Jerome Kurtz,

Commissioner of Internal Revenue.

Approved: September 10, 1980.

Donald C. Lubick,

Assistant Secretary of the Treasury.

PART 301—PROCEDURE AND ADMINISTRATION

Paragraph 1. The following new sections are added immediately after § 301.6102-1:

§ 301.6103(a)-1 *Disclosures after December 31, 1976, by officers and employees of Federal agencies of returns and return information (including taxpayer return information) disclosed to such officers and employees by the Internal Revenue Service before January 1, 1977, for a purpose not involving tax administration.*

(a) *General rule.* Except as provided by paragraph (b) of this section, a return or return information (including taxpayer return information), as defined in section 6103(b) (1), (2), and (3) of the Internal Revenue Code, disclosed by the Internal Revenue Service before January 1, 1977, to an officer or employee of a Federal agency (as defined in section 6103(b)(9)) for a purpose not involving tax administration (as defined in section 6103(b)(4)) pursuant to the authority of section 6103 (or any order of the President under section 6103 or rules and regulations thereunder prescribed by the Secretary or his delegate and approved by the President) before amendment of such section by section 1202 of the Tax Reform Act of 1976 (Pub. L. 94-455, 90 Stat. 1667) may be disclosed by, or on behalf of, such officer, employee, or agency after December 31, 1976, for any purpose authorized by such section (or such order or rules and regulations) before such amendment.

(b) *Exception.* Notwithstanding the provisions of paragraph (a) of this section, a return or return information (including taxpayer return information) disclosed before January 1, 1977, by the Service to an officer or employee of a Federal agency for a purpose unrelated to tax administration as described in paragraph (a) may, after December 31, 1976, be disclosed by, or on behalf of, such agency, officer, or employee in an administrative or judicial proceeding only if such proceeding is one described in section 6103(i)(4) of the Code and if the requirements of section 6103(i)(4) have first been met.

§ 301.6103(a)-2 Disclosures after December 31, 1976, by attorneys of the Department of Justice and officers and employees of the Office of the Chief Counsel for the Internal Revenue Service of returns and return information (including taxpayer return information) disclosed to such attorneys, officers, and employees by the Service before January 1, 1977, for a purpose involving tax administration.

(a) *General rule.* Except as provided by paragraph (b) of this section and subject to the requirements of this paragraph, a return or return information (including taxpayer return information), as defined in section 6103(b) (1), (2), and (3), of the Internal Revenue Code disclosed by the Internal Revenue Service before January 1, 1977, to an attorney of the Department of Justice (including a United States attorney) or to an officer or employee of the Office of the Chief Counsel for the Service for a purpose involving tax administration (as defined in section 6103(b)(4)) pursuant to the authority of section 6103 (or any order of the President under section 6103 or rules and regulations thereunder prescribed by the Secretary or his delegate and approved by the President) before amendment of such section by section 1202 of the Tax Reform Act of 1976 (Pub. L. 94-455, 90 Stat. 1667) may be disclosed by, or on behalf of, such attorney, officer, or employee after December 31, 1976, for any purpose authorized by such section (or such order or rules and regulations) before such amendment.

(b) *Exception.* Notwithstanding the provisions of paragraph (a) of this section, a return or return information (including taxpayer return information) disclosed before January 1, 1977, by the Service to an attorney of the Department of Justice or to an officer or employee of the Office of the Chief Counsel for the Service for a purpose related to tax administration as described in paragraph (a) may, after December 31, 1976, be disclosed by, or on behalf of, such attorney, officer, or employee in an administrative or judicial proceeding only if such proceeding is one described in section 6103 (h) (4) of the Code and if the requirements of section 6103 (h)(4) have first been met.

§ 301.6103(c)-1 Disclosure of returns and return information (including taxpayer return information) to designee of taxpayer.

(a) *Disclosure of returns and return information (including taxpayer return information) to person or persons designated in a written request or consent.* Section 6103 (c) of the Internal Revenue Code applies to disclosures of a return or return information (including

taxpayer return information) to a person designated in a written request for or consent to disclosure. A request for or consent to disclosure must be in the form of a written document pertaining solely to the authorized disclosure. The written document must be signed and dated by the taxpayer who filed the return or to whom the return information relates. The taxpayer must also indicate in the written document—

(1) The taxpayer's taxpayer identity information described in section 6103(b)(6);

(2) The identity of the person to whom disclosure is to be made;

(3) The type of return (or specified portion of the return) or return information (and the particular data) that is to be disclosed; and

(4) The taxable year covered by the return or return information.

Thus, for example, a provision included in a taxpayer's application for a loan or other benefit authorizing the Internal Revenue Service to disclose to the grantor of the loan or other benefit such returns or return information as the grantor may request for purposes of verifying information supplied on the application does not meet the requirements of this paragraph. The disclosure of a return or return information authorized by a request for or consent to the disclosure shall not be made unless the request or consent is received by the Service within 60 days following the date upon which the request or consent was signed and dated by the taxpayer.

(b) *Disclosure of returns and return information (including taxpayer return information) to designee of taxpayer to comply with request for information or assistance.* Section 6103(c) of the Code applies to requests made by the taxpayer to other persons (for example, members of Congress, friends or relatives of the taxpayer, and, when not acting as a taxpayer's representative, income tax return preparers) for information or assistance relating to the taxpayer's return or a transaction or other contact between the taxpayer and the Service.

The taxpayer's request for information or assistance must be in the form of a letter or other written document signed and dated by the taxpayer. The taxpayer must also indicate in the written request—

(1) The taxpayer's taxpayer identity information described in section 6103(b)(6);

(2) The identity of the person to whom disclosure is to be made; and

(3) Sufficient facts underlying the request for information or assistance to

enable the Service to determine the nature and extent of the information or assistance requested and the returns or return information to be disclosed in order to comply with the taxpayer's request.

A return or return information will be disclosed to the taxpayer's designee as provided by this paragraph only to the extent considered necessary by the Service to comply with the taxpayer's request for information or assistance. This paragraph does not apply to disclosures to a taxpayer's representative in connection with practice before the Service (as defined in Treasury Department Circular No. 230). For disclosures in these cases, see § 601.502(c) of this chapter.

(c) *Exceptions.* A disclosure of return information shall not be made under this section if the Service determines that the disclosure would seriously impair Federal tax administration (as defined in section 6103(b)(4) of the Code).

Par. 2. Section 301.6103(h)(2)-1 is amended to read as follows:

§ 301.6103(h)(2)-1 Disclosure of returns and return information (including taxpayer return information) to and by officers and employees of the Department of Justice for use in Federal grand jury proceeding, or in preparation for proceeding or investigation, involving tax administration.

(a) *Disclosure of returns and return information (including taxpayer return information) to and by officers and employees of the Department of Justice.*

(1) Returns and return information (including taxpayer return information), as defined in section 6103(b) (1), (2), and (3) of the Internal Revenue Code, shall, to the extent provided by section 6103(h)(2) (A), (B), and (C) and subject to the requirements of section 6103(h)(3), be open to inspection by or disclosure to officers and employees of the Department of Justice (including United States attorneys) personally and directly engaged in, and for their necessary use in, any Federal grand jury proceeding, or preparation for any proceeding (or for their necessary use in an investigation which may result in such a proceeding) before a Federal grand jury or any Federal or State court, in a matter involving tax administration (as defined in section 6103(b)(4)), including any such proceeding (or any such investigation) also involving the enforcement of a related Federal criminal statute which has been referred by the Secretary to the Department of Justice.

(2) Returns and return information (including taxpayer return information) inspected by or disclosed to officers and employees of the Department of Justice as provided in paragraph (a)(1) of this

section may also be used by such officers and employees or disclosed by them to other officers and employees (including United States attorneys and supervisory personnel, such as Section Chiefs, Deputy Assistant Attorneys General, Assistant Attorneys General, the Deputy Attorney General, and the Attorney General), of the Department of Justice where necessary—

(i) In connection with any Federal grand jury proceeding, or preparation for any proceeding (or with an investigation which may result in such a proceeding), described in paragraph (a)(1), or

(ii) In connection with any Federal grand jury proceeding, or preparation for any proceeding (or with an investigation which may result in such a proceeding), described in paragraph (a)(1) which also involves enforcement of a specific Federal criminal statute other than one described in paragraph (a)(1) to which the United States is or may be a party, provided such matter involves or arises out of the particular facts and circumstances giving rise to the proceeding (or investigation) described in paragraph (a)(1) and further provided the tax portion of such proceeding (or investigation) has been duly authorized by or on behalf of the Assistant Attorney General for the Tax Division of the Department of Justice, pursuant to the request of the Secretary, as a proceeding (or investigation) described in paragraph (a)(1). If, in the course of a Federal grand jury proceeding, or preparation for a proceeding (or the conduct of an investigation which may result in such a proceeding), described in subdivision (ii) of this subparagraph, the tax administration portion thereof is terminated for any reason, any further use or disclosure of such returns or taxpayer return information in such Federal grand jury proceeding, or preparation or investigation, with respect to the remaining portion may be made only pursuant to, and upon the grant of, a court order as provided by section 6103(i)(1)(A), provided, however, that the returns and taxpayer return information may in any event be used for purposes of obtaining the necessary court order.

(b) *Disclosure of returns and return information (including taxpayer return information) by officers and employees of the Department of Justice.* (1) Returns and return information (including taxpayer return information), as defined in section 6103(b) (1), (2), and (3) of the Code, inspected by or disclosed to officers and employees of the Department of Justice as provided by paragraph (a) of this section may be disclosed by such officers and employees to other persons, including,

but not limited to, persons described in paragraph (b)(2), but only to the extent necessary in connection with a Federal grand jury proceeding, or the proper preparation for a proceeding (or in connection with an investigation which may result in such a proceeding), described in paragraph (a). Such disclosures may include, but are not limited to, disclosures—

(i) To properly accomplish any purpose or activity of the nature described in section 6103(k)(6) and the regulations thereunder which is essential to such Federal grand jury proceeding, or to such proper preparation (or to such investigation);

(ii) To properly interview, consult, depose, or interrogate or otherwise obtain relevant information from, the taxpayer to whom such return or return information relates (or such taxpayer's legal representative) or from any witness who may be called to give evidence in the proceeding; or

(iii) To properly conduct negotiations concerning, or obtain authorization for, settlement or disposition of the proceeding, in whole or in part, or stipulations of fact in connection with the proceeding.

Disclosure of a return or return information to a person other than the taxpayer to whom such return or return information relates or such taxpayer's legal representative to properly accomplish any purpose or activity described in this paragraph should be made, however, only if such purpose or activity cannot otherwise properly be accomplished without making such disclosure.

(2) Among those persons to whom returns and return information may be disclosed by officers and employees of the Department of Justice as provided by paragraph (a)(1) of this section are—

(i) Other officers and employees of the Department of Justice, such as personnel of an office, board, division, or bureau of such department (for example, the Federal Bureau of Investigation or the Drug Enforcement Administration), clerical personnel (for example, secretaries, stenographers, docket and file room clerks, and mail room employees) and supervisory personnel (such as supervisory personnel of the Federal Bureau of Investigation or the Drug Enforcement Administration);

(ii) Officers and employees of another Federal agency (as defined in section 6103(b)(9)) working under the direction and control of any such officers and employees of the Department of Justice; and

(iii) Court reporters.

Par. 3. The following new sections are added immediately after § 301.6103(h)(2)–1:

§ 301.6103(i)–1 *Disclosure of returns and return information (including taxpayer return information) to and by officers and employees of the Department of Justice or another Federal agency for use in Federal grand jury proceeding, or preparation for proceeding or investigation, involving enforcement of Federal criminal statute not involving tax administration.*

(a) *Disclosure of returns and return information (including taxpayer return information) to officers and employees of the Department of Justice or another Federal agency.* Returns and return information (including taxpayer return information), as defined in section 6103(b)(1), (2), and (3) of the Internal Revenue Code, shall, to the extent provided by section 6103(i) (1), (2), and (3) and subject to the requirements of section 6103(i) (1) and (2), be open to inspection by or disclosure to officers and employees of the Department of Justice (including United States attorneys) or of another Federal agency (as defined in section 6103(b)(9)) personally and directly engaged in, and for their necessary use in, any Federal grand jury proceeding, or preparation for any administration or judicial proceeding (or their necessary use in an investigation which may result in such a proceeding), pertaining to enforcement of a specifically designated Federal criminal statute not involving or related to tax administration to which the United States or such agency is or may be a party.

(b) *Disclosure of returns and return information (including taxpayer return information) by officers and employees of the Department of Justice or another Federal agency.* (1) Returns and return information (including taxpayer return information), as defined in section 6103(b) (1), (2), and (3) of the Code, disclosed to officers and employees of the Department of Justice or other Federal agency (as defined in section 6103(b)(9)) as provided by paragraph (a) of this section may be disclosed by such officers and employees to other persons, including, but not limited to, persons described in subparagraph (2) of this paragraph, but only to the extent necessary in connection with a Federal grand jury proceeding, or the proper preparation for a proceeding (or in connection with an investigation which may result in such a proceeding), described in paragraph (a). Such disclosures may include, but are not limited to, disclosures where necessary—

(i) To properly obtain the services of persons having special knowledge or technical skills (such as, but not limited to, handwriting analysis, photographic development, sound recording enhancement, or voice identification);

(ii) To properly interview, consult, depose, or interrogate or otherwise obtain relevant information from, the taxpayer to whom such return or return information relates (or such taxpayer's legal representative) or any witness who may be called to give evidence in the proceeding; or

(iii) To properly conduct negotiations concerning, or obtain authorization for, disposition of the proceeding, in whole or in part, or stipulations of fact in connection with the proceeding.

Disclosure of a return or return information to a person other than the taxpayer to whom such return or return information relates or such taxpayer's legal representative to properly accomplish any purpose or activity described in this subparagraph should be made, however, only if such purpose or activity cannot otherwise properly be accomplished without making such disclosures.

(2) Among those persons to whom returns and return information may be disclosed by officers and employees of the Department of Justice or other Federal agency as provided by subparagraph (1) of this paragraph are—

(i) Other officers and employees of the Department of Justice (including an office, board, division, or bureau of such department, such as the Federal Bureau of Investigation or the Drug Enforcement Administration) or other Federal agency described in subparagraph (1), such as clerical personnel (for example, secretaries, stenographers, docket and file room clerks, and mail room employees) and supervisory personnel (for example, in the case of the Department of Justice, Section Chiefs, Deputy Assistant Attorneys General, Assistant Attorneys General, the Deputy Attorney General, the Attorney General, and supervisory personnel of the Federal Bureau of Investigation or the Drug Enforcement Administration);

(ii) Officers and employees of another Federal agency (as defined in section 6103(b)(9)) working under the direction and control of such officers and employees of the Department of Justice or other Federal agency described in subparagraph (1); and

(iii) Court reporters.

§ 301.6103(j)(2)-1 Disclosure of return information to officers and employees of the Federal Trade Commission for certain statistical purposes and related activities.

(a) *General rule.* (1) Pursuant to the provisions of section 6103(j)(2) of the Internal Revenue Code and subject to the requirements of paragraph (b) of this section, officers or employees of the Internal Revenue Service will disclose the following return information (as defined by section 6103(b)(2) but not including return information described in section 6103(o)(2)) reflected on the return of a corporation with respect to the tax imposed by chapter 1 to officers and employees of the Division of Financial Statistics of the Bureau of Economics of the Federal Trade Commission for purposes of, but only to the extent necessary in, developing and preparing, as authorized by law, the Quarterly Financial Report—

(i) From the business master files of the Service—

(A) Taxpayer identity information (as defined in section 6103(b)(6)),

(B) Consolidated return and final return indicators,

(C) Principal industrial activity code,

(D) Partial year indicator,

(E) Annual accounting period,

(F) Gross receipts less returns and allowances,

(G) Net income or loss,

(H) Total assets; and

(ii) From Form SS-4—

(A) Month and year in which such form was executed,

(B) Taxpayer identity information; and

(C) Principal industrial activity, geographic, firm size, and reason for application codes.

(2) Subject to the requirements of paragraph (b) of this section and § 301.6103(p)(2)(B)-1, officers or employees of the Social Security Administration to whom the following return information reflected on Form SS-4 with respect to a corporation has been disclosed as provided by section 6103(l)(1)(A) may disclose such return information to officers and employees of the Division of Financial Statistics of the Bureau of Economics of the Federal Trade Commission for a purpose described in subparagraph (1) of this paragraph—

(i) Month and year in which such form was executed;

(ii) Taxpayer identity information; and

(iii) Principal industrial activity, geographic, firm size, and reason for application codes.

(b) *Procedures and restrictions.* Disclosure of return information by officers or employees of the Service or the Social Security Administration as provided by paragraph (a) of this section

will be made only upon written request to the Commissioner of Internal Revenue by the Chairman of the Federal Trade Commission describing the particular return information to be disclosed and the taxable period or date to which such return information relates and designating by name and title the officers and employees of the Division of Financial Statistics of the Bureau of Economics to whom such disclosure is authorized. No such officer or employee to whom return information is disclosed pursuant to the provisions of paragraph (a) shall disclose such return information to any person, other than the taxpayer to whom such return information relates or other officers or employees of such division whose duties or responsibilities require such disclosure for a purpose described in paragraph (a), except in a form which cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer. If the Service determines that the division, or any officer or employee thereof, has failed to, or does not, satisfy the requirements of section 6103(p)(4) of the Code or regulations or published procedures thereunder, the Service may take such actions as are deemed necessary to ensure that such requirements are or will be satisfied, including suspension of disclosures of return information otherwise authorized by section 6103(j)(2) and paragraph (a) of this section until the Service determines that such requirements have been or will be satisfied.

§ 301.6103(k)(6)-1 Disclosure of return information by internal revenue officers and employees for investigative purposes.

(a) *Disclosure of taxpayer identity information and fact of investigation in connection with official duties relating to examination, collection activity, civil or criminal investigation, enforcement activity, or other offense under the internal revenue laws.* In connection with the performance of official duties relating to any examination, collection activity, civil or criminal investigation, enforcement activity, or other offense under the internal revenue laws, or in connection with preparation for any proceeding (or investigation which may result in such a proceeding) described in section 6103(h)(2) of the Internal Revenue Code, an officer or employee of the Internal Revenue Service or Office of the Chief Counsel therefor is authorized to disclose taxpayer identity information (as defined in section 6103(b)(6)), the fact that the inquiry pertains to the performance of official duties, and the nature of the official duties in order to obtain necessary

information relating to performance of such official duties or where necessary in order to properly accomplish any activity described in subparagraph (6) of paragraph (b) of this section. Disclosure of taxpayer identity information to a person other than the taxpayer to whom such taxpayer identity information relates or such taxpayer's legal representative for the purpose of obtaining such necessary information or otherwise properly accomplishing such activities as authorized by this paragraph should be made, however, only if the necessary information cannot, under the facts and circumstances of the particular case, otherwise reasonably be obtained in accurate and sufficiently probative form, or in a timely manner, and without impairing the proper performance of the official duties, or if such activities cannot otherwise properly be accomplished without making such disclosure.

(b) *Disclosure of return information in connection with official duties relating to examination, collection activity, civil or criminal investigation, enforcement activity, or other offense under the internal revenue laws.* In connection with the performance of official duties relating to any examination, collection activity, civil or criminal investigation, enforcement activity, or other offense under the internal revenue laws, an officer or employee of the Service or Office of the Chief Counsel therefor is authorized to disclose return information (as defined in section 6103(b)(2)) in order to obtain necessary information relating to the following—

(1) To establish or verify the correctness or completeness of any return (as defined in section 6103(b)(1) of the Code) or return information;

(2) To determine the responsibility for filing a return, for making a return where none has been made, or for performing such acts as may be required by law concerning such matters;

(3) To establish or verify the liability (or possible liability) of any person, or the liability (or possible liability) at law or in equity of any transferee or fiduciary of any person, for any tax, penalty, interest, fine, forfeiture, or other imposition or offense under the internal revenue laws or the amount thereof to be collected;

(4) To establish or verify misconduct (or possible misconduct) or other activity proscribed by the internal revenue laws;

(5) To obtain the services of persons having special knowledge or technical skills (such as, but not limited to, knowledge of particular facts and circumstances relevant to a correct

determination of a liability described in subparagraph (3) of this paragraph or skills relating to handwriting analysis, photographic development, sound recording enhancement, or voice identification) or having recognized expertise in matters involving the valuation of property where relevant to proper performance of a duty or responsibility described in this paragraph;

(6) To establish or verify the financial status or condition and location of the taxpayer against whom collection activity is or may be directed, to locate assets in which the taxpayer has an interest, to ascertain the amount of any liability described in subparagraph (3) of this paragraph to be collected, or otherwise to apply the provisions of the Code relating to establishment of liens against such assets, or levy on, or seizure, or sale of, the assets to satisfy any such liability; or

(7) To prepare for any proceeding described in section 6103(h)(2) or conduct an investigation which may result in such a proceeding, or where necessary in order to accomplish any activity described in subparagraph (6) of this paragraph.

Disclosure of return information to a person other than the taxpayer to whom such return information relates or such taxpayer's legal representative for the purpose of obtaining information necessary to properly carry out the foregoing duties and responsibilities as authorized by this paragraph or for the purpose of otherwise properly accomplishing any activity described in subparagraph (6) of this paragraph should be made, however, only if such necessary information cannot, under the facts and circumstances of the particular case, otherwise reasonably be obtained in accurate and sufficiently probative form, or in a timely manner, and without impairing the proper performance of such duties and responsibilities, or if the activities described in subparagraph (6) of this paragraph cannot otherwise properly be accomplished without making such disclosure.

(c) *Disclosure of return information in connection with certain personnel or claimant representative matters.* In connection with the performance of official duties relating to any investigation concerned with the enforcement of any provision of the Code, including enforcement of any rules, directives, or manual issuances prescribed by the Secretary or his delegate under section 7803 or any other provision of the Code, which affect or may affect the personnel or employment rights or status, or civil or criminal

liability, of any employee or former or prospective employee of the Treasury Department or the rights of any person who is or may be a party to an administrative action or proceeding pursuant to 31 U.S.C. 1026, an officer or employee of the Service or Office of the Chief Counsel therefor is authorized to disclose return information (as defined in section 6103(b)(2)) for the purpose of obtaining, verifying, or establishing other information which is or may be relevant and material to such investigation. Disclosure of return information to a person other than the taxpayer to whom such return information relates or such taxpayer's legal representative for the purpose of obtaining information necessary to properly carry out the foregoing duties and responsibilities as authorized by this paragraph should be made, however, only if such necessary information cannot, under the facts and circumstances of the particular case, otherwise reasonably be obtained in accurate and sufficiently probative form, or in a timely manner, and without impairing the proper performance of such duties and responsibilities.

§ 301.6103(l)(2)-1 Disclosure of returns and return information to Pension Benefit Guaranty Corporation for purposes of research and studies.

(a) *General rule.* Pursuant to the provisions of section 6103(l)(2) of the Internal Revenue Code and subject to the requirements of paragraph (b) of this section, officers and employees of the Internal Revenue Service may disclose returns and return information (as defined by section 6103(b)) to officers and employees of the Pension Benefit Guaranty Corporation for purposes of, but only to the extent necessary in, conducting research and studies authorized by title IV of the Employee Retirement Income Security Act of 1974.

(b) *Procedures and restrictions.* Disclosure of returns or return information by officers or employees of the Service as provided by paragraph (a) of this section will be made only upon written request to the Commissioner of Internal Revenue by the Executive Director of the Pension Benefit Guaranty Corporation describing the returns or return information to be disclosed, the taxable period or date to which such returns or return information relates, and the purpose for which the returns or return information is needed in the administration of title IV of the Employee Retirement Income Security Act of 1974, and designating by title the officers and employees of such corporation to whom such disclosure is authorized. No such officer or employee

to whom returns or return information is disclosed pursuant to the provisions of paragraph (a) shall disclose such returns or return information to any person, other than the taxpayer by whom the return was made or to whom the return information relates or other officers or employees of such corporation whose duties or responsibilities require such disclosure for a purpose described in paragraph (a), except in a form which cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

§ 301.6103(l)(2)-2 Disclosure of returns and return information to Department of Labor for purposes of research and studies.

(a) *General rule.* Pursuant to the provisions of section 6103(l)(2) of the Internal Revenue Code and subject to the requirements of paragraph (b) of this section, officers or employees of the Internal Revenue Service may disclose returns and return information (as defined by section 6103(b)) to officers and employees of the Department of Labor for purposes of, but only to the extent necessary in, conducting research and studies authorized by section 513 of the Employee Retirement Income Security Act of 1974.

(b) *Procedures and restrictions.* Disclosure of returns or return information by officers or employees of the Service as provided by paragraph (a) of this section will be made only upon written request to the Commissioner of Internal Revenue by the Administrator of the Pension and Welfare Benefit Programs of the Department of Labor describing the returns or return information to be disclosed, the taxable period or date to which such returns or return information relates, and the purpose for which the returns or return information is needed in the administration of title I of the Employee Retirement Income Security Act of 1974, and designating by title the officers and employees of such department to whom such disclosure is authorized. No such officer or employee to whom returns or return information is disclosed pursuant to the provisions of paragraph (a) shall disclose such returns or return information to any person, other than the taxpayer by whom the return was made or to whom the return information relates or other officers or employees of such department whose duties or responsibilities require such disclosure for a purpose described in paragraph (a), except in a form which cannot be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

§ 301.6103(l)(2)-3 Disclosure to Department of Labor and Pension Benefit Guaranty Corporation of certain returns and return information.

(a) *Disclosures following general requests.* Pursuant to the provisions of section 6103(l)(2) of the Internal Revenue Code and subject to the requirements of this paragraph, officers or employees of the Internal Revenue Service may disclose the following returns and return information (as defined by section 6103(b)) to officers and employees of the Department of Labor or the Pension Benefit Guaranty Corporation for purposes of, but only to the extent necessary in, the administration of title I or IV of the Employee Retirement Income Security Act of 1974 (hereinafter referred to in this section as the Act)—

(1) Notification of receipt by the Service of an application by a particular taxpayer for a determination of whether a pension, profit-sharing, or stock bonus plan, a trust which is a part of such a plan, or an annuity or bond purchase plan meets the applicable requirements of part I of subchapter D of chapter 1 of the Code;

(2) Notification that a particular application described in subparagraph (1) of this paragraph alleges that certain employees may be excluded from participation by reason of section 410(b)(2) (A) and (B) for the purpose of obtaining the finding necessary for the application of such section;

(3) An application by a particular taxpayer for a determination of whether a pension, profit-sharing, or stock bonus plan, or an annuity or bond purchase plan, meets the applicable requirements of part I of subchapter D of chapter 1 of the Code with respect to a termination or proposed termination of the plan or to a partial termination or proposed partial termination of the plan, and any statement filed as provided by section 6058(b);

(4) Notification that the Service has determined that a plan or trust described in subparagraph (1) or (3) of this paragraph meets or does not meet the applicable requirements of part I of subchapter D of chapter 1 of the Code and has issued a determination letter to such effect to a particular taxpayer or that an application for such a determination has been withdrawn by the taxpayer;

(5) If the Department of Labor or the Pension Benefit Guaranty Corporation has commented on an application upon which a determination letter described in subparagraph (4) of this paragraph has been issued, a copy of the letter or document issued to the applicant;

(6) Notification to a particular taxpayer that the Service intends to disqualify a pension, profit-sharing, or stock bonus plan, a trust which is a part of such plan, or an annuity or bond purchase plan because such plan or trust does not meet the requirements of section 410(a) or 411 as of the date that such notification is issued;

(7) Notification required by section 3002(a) of the Act of the commencement of any proceeding to determine whether a particular pension, profit-sharing, or stock bonus plan, a trust which is a part of such plan, or an annuity or bond purchase plan meets the requirements of section 410(a) or 411;

(8) Prior to issuance of a notice of deficiency to a particular taxpayer under section 6212, notification that the Service has determined that a deficiency exists under section 6211 with respect to the tax imposed by section 4971 (a) or (b) on such taxpayer, except that if the Service determines that the collection of such tax is in jeopardy within the meaning of section 6861(a), such notification may be disclosed after issuance of the notice of deficiency or jeopardy assessment;

(9) Notification of receipt by the Service of, and action taken with respect to, an application by or on behalf of a particular taxpayer for a waiver of the tax imposed by section 4971 (b);

(10) Prior to issuance of a notice of deficiency to a particular taxpayer under section 6212, notification that a deficiency exists under section 6211 with respect to the tax imposed by section 4975 (a) or (b) on such taxpayer, except that if the Service determines that the collection of such tax is in jeopardy within the meaning of section 6861(a), such notification may be disclosed after issuance of the notice of deficiency or jeopardy assessment;

(11) Notification that the Service has waived the tax imposed by section 4975(b) on a particular taxpayer;

(12) Notification of applicability of section 4975 to a particular pension, profit-sharing, or stock bonus plan, a trust which is a part of such plan, or an annuity or stock purchase plan engaged in prohibited transactions within the meaning of section 4975(c);

(13) Notification to a plan administrator that the Service has determined that a pension, profit-sharing, stock bonus, annuity, or stock purchase plan no longer meets the requirements of section 401(a) or 404(a)(2);

(14) Notification that the Service has determined that there has been a termination or partial termination of a particular pension, profit-sharing, stock

bonus, annuity, or stock purchase plan within the meaning of section 411(d)(3);

(15) Notification of the occurrence of an event (other than an event described in subparagraph (13), (14), or (18) of this paragraph) which the Service has determined to indicate that a particular pension, profit-sharing, stock bonus, annuity, or stock purchase plan may not be sound under section 4043(c)(2) of the Act;

(16) Notification that the Service has received and responded to a request on behalf of a particular pension, profit-sharing, or stock bonus plan, a trust which is a part of such plan, or an annuity or stock purchase plan for an extension of time for filing an annual return by such plan or trust;

(17) Notification that the Service has received and responded to a request on behalf of a particular pension, profit-sharing, or stock bonus plan, a trust which is a part of such plan, or an annuity or stock purchase plan to change the annual accounting period of such plan or trust;

(18) Notification that the Service has determined that a particular plan does not meet the requirements of section 412 without regard to whether such plan is one described in section 4021(a)(2) of the Act;

(19) Notification of the results of an investigation by the Service requested by the Department of Labor or the Pension Benefit Guaranty Corporation, or both, with respect to whether the tax described in section 4971 should be imposed on any employer named in such request or whether the tax imposed by section 4975 should be paid by any person named in the request;

(20) Notification of receipt by the Service of an application by a particular taxpayer for exemption under section 4975(c)(2) or of initiation by the Service of an administrative proceeding for such exemption;

(21) Notification of receipt by the Service of, and action taken with respect to, an application by or on behalf of a particular taxpayer for a waiver or variance of the minimum funding standard under section 303 of the Act or section 412(d);

(22) Notification that the Service intends to undertake, in undertaking, or has completed, an examination to determine whether—

(i) A particular pension, profit-sharing, or stock bonus plan, a trust which is a part of such plan, or an annuity or stock purchase plan meets the applicable requirements of part I of subchapter D of chapter 1 of the Code,

(ii) Any particular person is, or may be, liable for any tax imposed by section 4971 or 4975, or

(iii) A particular employee welfare benefit plan, as defined in section 3(1) of the Act, meets the applicable requirements of section 501(c) or 120, Together with any completed Department of Labor or Pension Benefit Guaranty Corporation form (and supplemental schedules) relating to such examination;

(23) Copies of initial pleadings indicating that the Service intends to intervene in a civil action under section 502(h) of the Act. Return information disclosed under this paragraph includes the taxpayer identity information (as defined in section 6103(b)(6)) of the plan or trust, the name and address of the sponsor and administrator of the plan or trustee of the trust, and the name and address of the person authorized to represent the plan or trust before the Service;

(24) Notification of receipt by the Service of a request for technical advice as to whether a particular pension, profit-sharing, or stock bonus plan, a trust which is a part of such plan, or an annuity or bond purchase plan should be disqualified because of fiduciary actions subject to part 4 of subtitle B of title I of the Act which may violate the exclusive benefit rule of section 401(a);

(25) Notification of receipt by the National Office of the Service of a request by or on behalf of a particular taxpayer for a ruling, opinion, variance, or waiver under any provision of title I of the Act and a copy of any such ruling, opinion, variance or waiver;

(26) Notification that the Service proposes to take substantive action which would significantly impact on or substantially affect collectively bargained plans and a description of such proposed substantive action; and

(27) Notification of receipt by the Service of, and action taken with respect to, a request by a particular taxpayer for a ruling under section 412(c)(8), 412(e), or 412(f).

Disclosure of returns or return information as provided by this paragraph will be made only following receipt by the Commissioner of Internal Revenue of an annual written request for such disclosure by the Administrator of Pension and Benefit Welfare Programs of the Department of Labor or the Executive Director of the Pension Benefit Guaranty Corporation describing the categories of returns or return information to be disclosed by the Service and the particular purpose for which the returns or return information is needed in the administration of title I or IV of the Act, and designating by title the officers and employees of the Department of Labor or such

corporation to whom such disclosure is authorized.

(b) *Additional returns and return information subject to disclosure—(1) Returns and return information relating to automatic notification.* Subject to the requirements of subparagraph (3) of this paragraph, officers or employees of the Service may disclose to officers and employees of the Department of Labor or the Pension Benefit Guaranty Corporation for purposes of, but only to the extent necessary in, the administration of title I or IV of the Act additional returns and return information relating to any item described in paragraph (a) of this section.

(2) *Other returns and return information.* Subject to the requirements of subparagraph (3) of this paragraph, officers or employees of the Service may disclose to officers and employees of the Department of Labor or the Pension Benefit Guaranty Corporation returns and return information (other than returns and return information disclosed as provided by paragraph (a) of this section or § 301.6103 (I) (2)-1 or § 301.6103 (I) (2)-2) for purposes of, but only to the extent necessary in, administration of title I or IV of the Act.

(3) *Procedures.* Disclosure of returns or return information by officers or employees of the Service as provided by this paragraph will be made only upon written request to the Commissioner of Internal Revenue or his delegate by the Secretary of Labor or his delegate or the Executive Director of the Pension Benefit Guaranty Corporation or his delegate identifying the particular taxpayer by whom such return was made or to whom such return information relates, describing the particular returns or return information to be disclosed, stating the purpose for which the returns or return information is needed in the administration of title I or IV of the Act, and designating by title the officers and employees of such department or corporation to whom such disclosure is authorized.

(c) *Disclosure and use of returns and return information by officers and employees of Department of Labor, Pension Benefit Guaranty Corporation, and Department of Justice—(1) Use by officers and employees of Department of Labor and Pension Benefit Guaranty Corporation.* Returns and return information disclosed to officers and employees of the Department of Labor and the Pension Benefit Guaranty Corporation as provided by this section may be used by such officers and employees for purposes of, but only to the extent necessary in, administration of any provision of title I or IV of the

Act, including any preparation for any administrative or judicial proceeding (or investigation which may result in such a proceeding) authorized by, or described in, title I or IV of the Act.

(2) *Disclosure by officers and employees of Department of Labor and Pension Benefit Guaranty Corporation to, and use by, other persons, including officers and employees of the Department of Justice.* (i) Returns and return information disclosed to officers and employees of the Department of Labor or the Pension Benefit Guaranty Corporation as provided by this section may be disclosed by such officers and employees to officers and employees of the Department of Justice (including United States attorneys) personally and directly engaged in, and for their necessary use in, any Federal grand jury proceeding, or preparation for any civil or criminal judicial proceeding (or for their necessary use in an investigation which may result in such a proceeding), authorized by, or described in, title I or IV of the Act.

(ii) Returns and return information disclosed to officers and employees of the Department of Labor, the Pension Benefit Guaranty Corporation, and the Department of Justice as provided by this section may be disclosed by such officers and employees to other persons, including, but not limited to, persons described in subparagraph (2)(iii) of this paragraph, but only to the extent necessary in connection with administration of the provisions of title I or IV of the Act, including a Federal grand jury proceeding, and proper preparation for a proceeding (or investigation), described in subparagraph (1) or (2)(i). Such disclosures may include, but are not limited to, disclosures where necessary—

(A) To properly obtain the services of persons having special knowledge or technical skills;

(B) To properly interview, consult, depose, or interrogate or otherwise obtain relevant information from the taxpayer to whom such return or return information relates (or the legal representative of such taxpayer) or any witness who may be called to give evidence in the proceeding; or

(C) To properly conduct negotiations concerning, or obtain authorization for, settlement or disposition of the proceeding, in whole or in part, or stipulations of fact in connection with the proceeding.

Disclosure of a return or return information to a person other than the taxpayer to whom such return or return information relates (or the legal

representative of such taxpayer) to properly accomplish any purpose or activity described in this subparagraph should be made, however, only if such purpose or activity cannot otherwise properly be accomplished without making such disclosure.

(iii) Among those persons to whom returns and return information may be disclosed by officers and employees of the Department of Labor, the Pension Benefit Guaranty Corporation, and the Department of Justice as provided by subparagraph (2)(ii) of this paragraph are:

(A) Other officers and employees of the Department of Labor, the Pension Benefit Guaranty Corporation, and the Department of Justice;

(B) Officers and employees of another Federal agency (as defined in section 6103(b)(9)) working under the direction and control of such officers and employees of the Department of Labor, the Pension Benefit Guaranty Corporation, or the Department of Justice; and

(C) Court reporters.

Disclosure of returns or return information to other persons by officers and employees of the Department of Labor or the Pension Benefit Guaranty Corporation as provided by subparagraph (2)(ii) of this paragraph for purposes of conducting research, surveys, studies, and publications referred to in section 513(a), or authorized by title IV, of the Act shall be restricted, however, to disclosure to other officers and employees of such department or corporation to whom such disclosure is necessary in connection with such conduct or to the taxpayer by whom such return was made or to whom such return information relates if the return or return information can be associated with, or otherwise identify, directly or indirectly, a particular taxpayer.

(3) *Disclosure in judicial proceedings.* A return or return information disclosed to officers and employees of the Department of Labor, the Pension Benefit Guaranty Corporation, or the Department of Justice as provided by this section may be entered into evidence by such officers or employees in a civil or criminal judicial proceeding authorized by, or described in, title I or IV of the Act, provided that, in the case of a judicial proceeding described in section 6103(i)(4), the requirements of section 6103(i)(4) have first been met.

(d) *Disclosure of returns and return information in connection with certain consultations between Departments of the Treasury and Labor.* Upon general written request to the Commissioner of

Internal Revenue by the Secretary of Labor, officers and employees of the Service may disclose to officers and employees of the Department of Labor such returns and return information as may be necessary to properly carry out any consultation required by section 3002, 3003, or 3004 of the Act.

(e) *Return information open to public inspection under section 6104.* Nothing in these regulations shall be construed to deny officers and employees of the Department of Labor and the Pension Benefit Guaranty Corporation the right to inspect return information available to the public under section 6104 of the Code.

§ 301.6103(n)-1 Disclosure of returns and return information in connection with procurement of property and services for tax administration purposes.

(a) *General rule.* Pursuant to the provisions of section 6103(n) of the Internal Revenue Code and subject to the requirements of paragraphs (b), (c), and (d) of this section, officers or employees of the Treasury Department, a State tax agency, or the Social Security Administration are authorized to disclose returns and return information (as defined in section 6103(b)) to any person (including, in the case of the Treasury Department, any person described in section 7513(a)), or to an officer or employee of such person, to the extent necessary in connection with contractual procurement of—

(1) Equipment or other property, or

(2) Services relating to the processing, storage, transmission, or reproduction of such returns or return information, or to the programming, maintenance, repair, or testing of equipment or other property, for purposes of tax administration (as defined in section 6103(b)(4)).

No person, or officer or employee of such person, to whom a return or return information is disclosed by an officer or employee of the Treasury Department, the State tax agency, or the Social Security Administration under the authority of this paragraph shall in turn disclose such return or return information for any purpose other than as described in this paragraph, and no such further disclosure for any such described purpose shall be made by such person, officer, or employee to anyone, other than another officer or employee of such person whose duties or responsibilities require such disclosure for a purpose described in this paragraph, without written approval by the Internal Revenue Service.

(b) *Limitations.* For purposes of paragraph (a) of this section, disclosure of returns or return information in

connection with contractual procurement of property or services described in such paragraph will be treated as necessary only if such procurement or the performance of such services cannot otherwise be reasonably, properly, or economically carried out or performed without such disclosure. Thus, for example, disclosures of returns or return information to employees of a contractor for purposes of programming, maintaining, repairing, or testing computer equipment used by the Internal Revenue Service or a State tax agency should be made only if such services cannot be reasonably, properly, or economically performed by use of information or other data in a form which does not identify a particular taxpayer. If, however, disclosure of returns or return information is in fact necessary in order for such employees to reasonably, properly, or economically perform the computer related services, such disclosures should be restricted to returns or return information selected or appearing at random. Further, for purposes of paragraph (a), disclosure of returns or return information in connection with the contractual procurement of property or services described in such paragraph should be made only to the extent necessary to reasonably, properly, or economically conduct such procurement activity. Thus, for example, if an activity described in paragraph (a) can be reasonably, properly, and economically conducted by disclosure of only parts or portions of a return or if deletion of taxpayer identity information (as defined in section 6103(b)(6) of the Code) reflected on a return would not seriously impair the ability of the contractor or his officers or employees to conduct the activity, then only such parts or portions of the return, or only the return with taxpayer identity information deleted, should be disclosed.

(c) *Notification requirements.* Each officer or employee of any person to whom returns or return information is or may be disclosed as authorized by paragraph (a) of this section shall be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized by paragraph (a) of this section and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized by such paragraph constitutes a felony, punishable upon conviction by a fine of as much as \$5,000, or imprisonment for as long as 5

years, or both, together with the costs of prosecution. Such person shall also so notify each such officer and employee that any such unauthorized further disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount not less than \$1,000 with respect to each instance of unauthorized disclosure.

(d) *Safeguards.* Any person to whom a return or return information is disclosed as authorized by paragraph (a) of this section shall comply with all applicable conditions and requirements which may be prescribed by the Internal Revenue Service for the purposes of protecting the confidentiality of returns and return information and preventing disclosures of returns or return information in a manner unauthorized by paragraph (a). The terms of any contract between the Treasury Department, a State tax agency, or the Social Security Administration and a person pursuant to which a return or return information is or may be disclosed for a purpose described in paragraph (a) shall provide, or shall be amended to provide, that such person, and officers and employees of the person, shall comply with all such applicable conditions and restrictions as may be prescribed by the Service by regulation, published rules or procedures, or written communication to such person. If the Service determines that any person, or an officer or employee of any such person, to whom returns or return information has been disclosed as provided in paragraph (a) has failed to, or does not, satisfy such prescribed conditions or requirements, the Service may take such actions as are deemed necessary to ensure that such conditions or requirements are or will be satisfied, including—

(1) Suspension or termination of any duty or obligation arising under a contract with the Treasury Department referred to in this paragraph or suspension of disclosures by the Treasury Department otherwise authorized by paragraph (a) of this section, or

(2) Suspension of further disclosures of returns or return information by the Service to the State tax agency, until the Service determines that such conditions and requirements have been or will be satisfied.

(e) *Definitions.* For purposes of this section—

(1) The term "Treasury Department" includes the Internal Revenue Service and the Office of the Chief Counsel for the Internal Revenue Service, and

(2) The term "State tax agency" means an agency, body, or commission described in section 6103(d) of the Code.

§ 301.6103(p)(2)(B)-1 Disclosure of certain returns and return information by other Federal agencies.

(a) *General rule.* Subject to the requirements of this section, returns and return information disclosed by the Internal Revenue Service to officers and employees of another Federal agency (as defined in section 6103(b)(9) of the Internal Revenue Code) as provided by section 6103 may, if the Commissioner of Internal Revenue determines that such returns or return information is more readily available from such Federal agency, be disclosed by such officers and employees to officers and employees of another Federal agency, the General Accounting Office, an agency, body, or commission described in section 6103(d) or (l)(6), or a person described in section 6103(e) for a purpose or use authorized or required by, but subject to any requirements imposed by, any other provision of section 6103 and the regulations thereunder. Any such disclosure may be made only as, to the extent, and to such persons as may be authorized in writing by the Commissioner pursuant to a written request for such disclosure by such person, and containing such information, as may be designated or provided by the applicable provisions of section 6103 and the regulations thereunder pursuant to which the disclosure is sought. Such disclosure authorization by the Commissioner shall be directed to the head of the Federal agency from which disclosure is sought and may contain such conditions or restrictions as the Commissioner may prescribe.

(b) *Records and reports of disclosure.* The Federal agency making a disclosure authorized by paragraph (a) of this section shall maintain to the satisfaction of the Service a permanent system of standardized records with respect to any disclosure authorization by the Commissioner described in paragraph (a) and any disclosure of returns or return information made pursuant to such authorization. In order to enable the Service to make a timely submission of the public report on disclosures to the Joint Committee on Taxation as required by section 6103(p)(3)(C) of the Code, the Federal agency shall, within 30 days after the close of each calendar year, furnish to the Commissioner a report with respect to such records which provides the number of—

(1) Disclosure authorizations by the Commissioner,

(2) Instances in which returns or return information was disclosed pursuant to such disclosure authorizations and to disclosure

authorizations executed in prior calendar years, and

(3) Taxpayers whose returns or return information with respect to whom was disclosed pursuant to the disclosure authorization described in subparagraph (2).

In addition, in order to enable the Service to make a timely submission of the report to the Joint Committee on Taxation required by section 6103(p)(3)(B), the Federal agency shall furnish to the Commissioner a report with respect to, or summary of, the records at such time or times, in such form, and containing such information as the Commissioner may prescribe in a written request directed to the head of such Federal agency. The requirements of this paragraph do not apply to disclosures of taxpayer identity information described in section 6103(m) or to disclosures of returns and return information as provided by paragraph (a) which, had such disclosures been made directly by the Service, would not have been subject to the recordkeeping requirements imposed by section 6103(p)(3)(A).

PART 404—TEMPORARY REGULATIONS ON PROCEDURE AND ADMINISTRATION UNDER THE TAX REFORM ACT OF 1976

§§ 404.6103(a)-1, 404.6103(a)-2, 404.6103(c)-1, 404.6103(i)-1, 404.6103(j)(2)-1, 404.6103(k)(6)-1, and 404.6103(n)-1 [Deleted]

Par. 4. Sections 404.6103(a)-1, 404.6103(a)-2, 404.6103(c)-1, 404.6103(i)-1, 404.6103(j)(2)-1, 404.6103(k)(6)-1, and 404.6103(n)-1 are deleted.

PART 420—TEMPORARY REGULATIONS ON PROCEDURE AND ADMINISTRATION UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974

§§ 420.6103(i)(2)-1, 420.6103(i)(2)-2, and 420.6103(i)(2)-3 [Deleted]

Par. 5. Sections 420.6103(i)(2)-1, 420.6103(i)(2)-2, and 420.6103(i)(2)-3 are deleted.

[FR Doc. 80-30892 Filed 9-30-80; 5:01 pm]
BILLING CODE 4830-01-M

DEPARTMENT OF THE INTERIOR

National Park Service

36 CFR Part 28

Fire Island National Seashore; Zoning Standards; Correction

AGENCY: National Park Service, Interior.
ACTION: Correction to final rule.

SUMMARY: On September 10, 1980 (45 FR 59569) the National Park Service published final zoning standards for Fire Island National Seashore, New York. This is a correction to that final rule.

FOR FURTHER INFORMATION CONTACT: Joel Pickelner, Superintendent, Fire Island National Seashore, Patchogue, New York 11772. Telephone: (516) 289-4810.

In the Federal Register document of September 10, 1980, the following correction should be made on page 59572.

1. The Part title should read:

PART 28—FIRE ISLAND NATIONAL SEASHORE; ZONING STANDARDS

F. R. Holland, Jr.,

Acting, Associate Director, Management and Operations.

[FR Doc. 80-30891 Filed 10-2-80; 8:45 am]

BILLING CODE 4310-70-M

POSTAL RATE COMMISSION

39 CFR Parts 3000 and 3001

[Docket No. RM80-1; Order No. 354]

Rules of Practice and Related Standards of Conduct (Annual Review of Regulations)

September 10, 1980.

AGENCY: Postal Rate Commission.

ACTION: Final rules.

SUMMARY: The amendments to our rules that we adopt here are the culmination of our second annual review of our rules conducted under our plan for implementing Executive Order No. 12044 (43 FR 12661, March 24, 1978). They establish procedures governing the rejection of defective Postal Service rate and classification requests, modify our rules concerning *ex parte* communications with the Officer of the Commission, and modify our rules concerning discovery, witnesses' workpapers, and library references.

EFFECTIVE DATE: September 10, 1980.

FOR FURTHER INFORMATION CONTACT: David F. Stover, General Counsel, Postal Rate Commission, Suite 500, 2000 L Street, N.W., Washington, D.C. 20268; (202) 254-3824.

SUPPLEMENTARY INFORMATION: Consistent with our plan for implementing Executive Order No. 12044 (43 FR 12661, March 24, 1978), we began the second annual review of our rules of practice by publishing an Advance Notice of Proposed Rulemaking in the Federal Register on February 20, 1980 (45 FR 11139-40). The Advance notice

solicited suggestions from the public for improving our rules of practice and solicited public comment on a Commission proposal to amend those rules to provide for rejection by the Commission of defective Postal Service rate or classification requests submitted under 39 U.S.C. 3622 and 3623.

We undertook the second step in the annual review process by publishing a Notice of Proposed Rulemaking in the Federal Register on May 22, 1980 (45 FR 34309-15). In it we made limited modifications to our proposed amendments concerning rejection of defective Postal Service requests, in response to comments submitted by the Postal Service. We also proposed certain amendments to our rules concerning discovery, witnesses' workpapers, and library references, in response to comments received from the Officer of the Commission. Finally, we proposed amendments to our rules governing *ex parte* communications.

Our Notice of Proposed Rulemaking solicited public comment on these proposed amendments. The Postal Service, the Officer of the Commission and the American Bankers Association submitted responsive comments. We hereby adopt the amendments proposed in our Notice of Proposed Rulemaking, published May 22, 1980, with limited modifications as discussed herein.

Rejection of Defective Requests

PART 3001—RULES OF PRACTICE AND PROCEDURE

We hereby add the following new paragraph (t) to § 3001.54 of Subpart B, of Part 3001, 39 CFR:

§ 3001.54 [Amended]

(t) *Rejection of requests.* The Commission may reject any request under this subpart that patently fails to substantially comply with any requirements of this subpart.

Similarly, we hereby add the following new paragraph (i) to § 3001.64 of Subpart C, of Part 3001, 39 CFR:

§ 3001.64 [Amended]

(i) *Rejection of requests.* The Commission may reject any request under this subpart that patently fails to substantially comply with the requirements of this subpart.

New §§ 3001.54(t) and 3001.64(i) are adopted as they appeared in our Notice of Proposed Rulemaking published May 22, 1980, except that new § 3001.54(t) appeared there as § 3001.54(f) as a result of a typographical error.