

the Treasury with respect to disciplinary matters.

(9) An individual who is in good faith has certified that he/she has satisfied the continuing professional education requirements of this section will not be considered to be in non-compliance with such requirements on the basis of a program he/she has attended being found inadequate or not in compliance with the requirements for renewal. Such individual will be granted renewal, but the Executive Director may require such individual to remedy the resulting shortfall by earning replacement credit during the cycle in which renewal was granted or within a reasonable time period as determined by the Executive Director. For example, if six of the credit hours claimed were disallowed, the individual may be required to present 42 credit hours instead of the minimum 36 credit hours to qualify for renewal related to the next cycle.

(l) *Inactive retirement status.* An individual who no longer performs services as an enrolled actuary may request placement in an inactive retirement status at any time and such individual will be placed in such status. The individual will be ineligible to perform services as an enrolled actuary. Such individual must file a timely application for renewal of enrollment at each applicable renewal cycle as provided in this part. An individual who is placed in an inactive retirement status may be reinstated to active enrollment status upon filing an application for renewal of enrollment and providing evidence of the completion of the required continuing professional education hours for the applicable enrollment cycle. An individual in inactive retirement status remains subject to the jurisdiction of the Joint Board and/or the Department of the Treasury with respect to disciplinary matters.

(m) *Renewal while under suspension or disbarment.* An individual who is ineligible to perform actuarial services and/or to practice before the Internal Revenue Service by virtue of disciplinary action is required to meet the requirements for renewal of enrollment during the period of such ineligibility.

(n) *Verification.* The Executive Director of the Joint Board or his/her designee may review the continuing education records of an enrolled actuary and/or qualified sponsor, including attending programs, in a manner deemed appropriate to determine compliance with the requirements and standards for the renewal of enrollment as provided in this section.

Date: August 25, 1988.

John F. Wade,
Chairman, Joint Board for the Enrollment of Actuaries.

Approved:

Jennifer A. Sour,
Acting Executive Secretary, Department of the Treasury.
Morton Klevan,
Director, Policy Development and Evaluation,
Pension and Welfare Benefits Administration,
Department of Labor.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1 and 602

[T.D. 8225]

Partnership Statements and Nominee Reporting of Partnership Information

AGENCY: Internal Revenue Service, Treasury.

ACTION: Temporary regulations.

SUMMARY: This document contains temporary regulations relating to partnership returns. The temporary regulations require a partnership to furnish certain information to its partners, and require persons who hold interests in a partnership as nominees on behalf of other persons to furnish certain information to such other persons and to the partnership. Changes to the applicable law were made by the Tax Equity and Fiscal Responsibility Act of 1982 and the Tax Reform Act of 1986. The regulations provide guidance for determining what information a partnership must furnish to its partners, what information a nominee must furnish to persons on whose behalf it holds interests in the partnership, and what information a nominee must furnish to the partnership. The text of the temporary regulations set forth in this document also serves as the text of the proposed regulations cross-referenced in the notice of proposed rulemaking in the Proposed Rules section of this issue of the *Federal Register*.

DATE: Except as otherwise provided therein, § 1.6031 (b)-1T is effective for partnership taxable years beginning after September 3, 1982. Except as otherwise provided therein, § 1.6031 (c)-1T is effective for partnership taxable years beginning after October 22, 1986.

FOR FURTHER INFORMATION CONTACT: Stuart G. Wessler of the Legislation and Regulations Division, Office of the Chief

Counsel, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC 20224 (Attention: CC:LR:T) (202-566-3297, not a toll-free call).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

This regulation is being issued without prior notice and public procedure pursuant to the Administrative Procedure Act (5 U.S.C. 553). For this reason, the collection of information contained in this regulation has been reviewed and, pending receipt and evaluation of public comments, approved by the Office of Management and Budget (OMB) under control number 1545-0099. The estimated average burden associated with the collection of information in this regulation varies from .02 to .627 hours, depending on individual circumstances, with an estimated average of .06 hours.

These estimates are an approximation of the average time expected to be necessary for a collection of information. They are based on such information as is available to the Internal Revenue Service. Individual respondents/recordkeepers may require greater or less time, depending on their particular circumstances.

For further information concerning this collection of information, and where to submit comments on this collection of information and the accuracy of the estimated burden, and suggestions for reducing this burden, please refer to the preamble to the cross-reference notice of proposed rulemaking published elsewhere in this issue of the *Federal Register*.

Background

This document contains temporary Income Tax Regulations (26 CFR Part 1) under section 6031 (b) and (c) of the Internal Revenue Code of 1986. Section 6031(b) was added to the Code by section 403 of the Tax Equity and Fiscal Responsibility Act of 1982 (96 Stat. 669) and was subsequently amended by sections 1501(c)(16) and 1811(b)(1)(A)(i) of the Tax Reform Act of 1986 (100 Stat. 2740, 2832). Section 6031(c) was added to the Code by section 1811(b)(1)(A)(ii) of the Tax Reform Act of 1986 (100 Stat. 2832).

On January 23, 1986, the *Federal Register* published a notice of proposed rulemaking (51 FR 3075) containing proposed amendments to the Income Tax Regulations under section 6031 (a) and (b) of the Code. These amendments were proposed to conform the regulations to sections 403 and 404 of the Tax Equity and Fiscal Responsibility Act of 1982. Several comments on the

proposed regulations were received. No public hearing was held because none was requested.

The temporary regulations are consistent with proposed § 1.6031-1(b) contained in the notice of proposed rulemaking published on January 23, 1986, (51 FR 3075), but amend those proposed regulations to conform the regulations to the changes made to section 6031(b) of the Code by the Tax Reform Act of 1986. The temporary regulations have no other impact on that notice. Therefore, except as otherwise provided in these temporary regulations, those proposed regulations will be finalized in due course with any changes that may be made as a result of the comments received.

In Notice 87-10, 87-3 I.R.B. 13, the Service announced that it would issue temporary regulations under section 6031(c) and established interim nominee reporting requirements pending the issuance of such regulations. Section 1.6031(c)-1T is consistent with and expands upon the reporting requirements contained in that notice.

Information To Be Furnished to Partners

Before the enactment of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), a partnership required under section 6031 to file a partnership return was not required by statute to furnish information to its partners, although the instructions to the Form 1065 clearly contained such a requirement. As a result of amendments to section 6031(b) made by TEFRA and the Tax Reform Act of 1986 (TRA), a partnership required to file a return for a partnership taxable year must, to the extent required by regulations, furnish to every person who was a partner in the partnership or who held an interest in the partnership as a nominee for another person at any time during that partnership taxable year a copy of the information required to be shown on the partnership return.

The regulations generally require the partnership to give each partner a statement showing that partner's distributive share of partnership income, gain, loss deduction, or credit required to be shown on the partnership return and, to the extent required under the instructions for the partnership return, any additional information that is necessary to enable the partner to determine the correct income tax treatment of an item related to the partnership.

Under the regulations, for partnership taxable years beginning after October 22, 1986, a partnership must provide the statement required pursuant to section 6031(b) to a person who holds an

interest in the partnership as a nominee on behalf of another person (and not to such other person) if (1) such nominee does not furnish to the partnership the statement required under § 1.6031(c)-1T(a) for such other person, (2) such nominee holds legal title to such interest in its own name or is identified in a statement provided to the partnership by another nominee as the person on whose behalf such other nominee holds the partnership interest, and (3) such nominee is not a clearing agency registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934.

The partnership must furnish the written statement required pursuant to section 6031(b) to each partner or nominee on or before the due date of the partnership return for the taxable year (determined with regard to extensions).

Information To Be Furnished by Nominees

Before the enactment of the TRA, a person who held an interest in a partnership as a nominee on behalf of another person was not required by statute to furnish any information concerning that person to the partnership. In addition, the nominee was not required by statute to provide such other person with the information furnished to it by the partnership. The TRA added section 6031(c) to the Code to address this problem.

Under section 6031(c)(1), any person who holds an interest in a partnership as a nominee on behalf of another person is required to furnish to the partnership the name and address of such other person and any other information required by form or regulations.

The regulations specify the additional information that the nominee is required to furnish to the partnership. Generally, the information that the nominee is required to furnish to the partnership is similar to that required by Notice 87-10. This information includes the name, address, taxpayer identification number of the nominee and such other person, and a description of any interest in the partnership that the nominee holds, acquires, or transfers on behalf of such other person during the partnership taxable year.

The regulations also require the nominee to provide the partnership with certain additional information for partnership taxable years beginning after December 31, 1988. First, the nominee must specify whether the person on whose behalf it holds a partnership interest is a tax-exempt entity or a foreign person or entity. This information may be needed by a

partnership to determine whether personal or real property leased to or otherwise owned by the partnership will be treated as tax-exempt use property under section 168(h). Second, in connection with any transfer by a nominee of a partnership interest that it holds on behalf of another person, the nominee must state the net proceeds received by such other person in connection with such transfer. This information is needed by partnerships that furnish information to their partners regarding the amount of ordinary income recognized by a partner under section 751(a) upon the sale or exchange of a partnership interest. Finally, the nominee must furnish to the partnership certain information regarding the method of acquisition and the acquisition cost of the partnership interest. This information should enable a partnership that has made a section 754 election to determine the amount of the adjustment, if any, to the basis of partnership property that a partner is entitled to under section 743(b) upon the acquisition of a partnership interest.

The regulations provide an exception to the additional reporting requirements concerning acquisitions and transfers of partnership interests in the case of partnerships that do not need the information. Under this exception, a nominee will not be required to provide this additional information if the partnership informs the nominee, in writing, that the nominee need not furnish such information to the partnership. This exception is, however, inapplicable to the additional reporting requirements concerning acquisitions of partnership interests if the partnership has a section 754 election in effect for the partnership taxable year. The exception to the additional reporting requirements concerning acquisitions and transfers of partnership interests is designed to relieve nominees of the reporting requirements where the partnership does not need the information; it is not intended to preclude the nominee from furnishing such information if, for administrative convenience or for any other reason, it decides to do so despite the fact that the exception to the reporting requirements is applicable.

The Service solicits comment on the appropriateness of the additional reporting requirements that are applicable to partnership taxable years beginning after December 31, 1988.

Any statement required from a nominee under section 6031(c)(1) and these regulations may be furnished annually, quarterly, monthly, or on any other basis. All such statements must

however, be furnished to the partnership no later than the end of the first month following the close of the partnership taxable year. The Service is concerned that partnerships may find it difficult to satisfy their tax reporting obligations to their partners in a timely manner if the statements required under section 6031(c) are not received more often than annually. Accordingly, the Service solicits comment on the frequency with which nominees should be required to furnish these statements.

Section 6031(c)(2) provides that any person who holds an interest in a partnership as a nominee on behalf of another person must furnish to such other person, in the manner prescribed by the Secretary, the information provided by the partnership to the nominee under section 6031(b). The regulations require that (1) if the nominee does not provide the partnership with the written statement required under section 6031(c)(1) and § 1.6031(c)-1T(a) with respect to any interest in such partnership that it holds on behalf of another person, and (2) the nominee receives from such partnership a written statement described in § 1.6031(b)-1T(a) with respect to such interest, then the nominee must furnish to such other person a written statement showing the distributive share of the items of income, gain, loss, deduction, or credit that the partnership is required to show on its return that is allocable to such interest, and any additional information that may be required to apply particular provisions of subtitle A of the Code to the beneficial owner of such interest in connection with items related to the partnership.

The regulations provide an exception to the nominee reporting requirements for clearing agencies registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. Interests in certain partnerships (generally, partnerships whose interests are traded on an established securities market) are typically registered on the books of the partnership in the name of such clearing agencies or their nominees. These clearing agencies cannot identify the beneficial owners of the partnership interests; they only have information as to the identity of their participants (generally brokers and financial institutions), who may hold such interests for their own account, as nominees for customers who are beneficial owners, or as nominees for customers who themselves are nominees for beneficial owners. In connection with this exception, if during a partnership taxable year beginning after December 31, 1988, a broker or financial

institution holds an interest in such partnership indirectly through an excepted clearing agency, the regulations require such broker or financial institution to provide the partnership with a statement containing certain information with respect to any interest held for its own account. This information is necessary to provide the partnership with complete and accurate ownership information since the partnership will not receive any information from clearing agencies excepted from these reporting requirements regarding changes in the ownership of partnership interests held by such agencies as nominees. The Service solicits comment on the appropriateness of this reporting requirement.

Treatment of Short Sales of Partnership Interests

The Service is actively studying issues relating to the tax treatment of short sales of partnership interests and solicits comment on the appropriate treatment of short sales of partnership interests for tax purposes generally as well as for nominee reporting purposes.

Treatment of REMICs

Under section 860F(e), a real estate mortgage investment conduit ("REMIC") is treated as a partnership for purposes of subtitle F of the Internal Revenue Code, which includes section 6031. The provisions of these regulations, however, do not apply to a REMIC. Under these regulations, the application of section 6031 to a REMIC is reserved. The Service intends to address the particular requirements of REMICs in future regulations under section 6031 (b) and (c) and solicits comment on the appropriate scope of those regulations.

Inapplicability of Executive Order 12291

No general notice of proposed rulemaking is required by 5 U.S.C. 553(b) for temporary regulations. Accordingly, the Regulatory Flexibility Act does not apply and no regulatory flexibility analysis is required for this rule. The Commissioner of Internal Revenue has determined that this temporary rule is not a major rule as defined in Executive Order 12291 and that a Regulatory Impact Analysis therefore is not required.

Drafting Information

The principal author of these temporary regulations is Stuart G. Wessler 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.

List of Subjects

26 CFR 1.6001-1-1.6109-2

Income taxes, Administration and procedure, Filing requirements.

26 CFR Part 602

Reporting and recordkeeping requirements.

Adoption of amendments to the regulations

Accordingly, 26 CFR Parts 1 and 602 are amended as follows:

PART 1—[AMENDED]

Paragraph 1. The authority for Part 1 is amended by adding the following citations:

Authority: 26 U.S.C. 7805. * * * Section 1.6031(b)-1T also issued under 26 U.S.C. 6031(b). Section 1.6031(c)-1T also issued under 26 U.S.C. 6031(c) (1) and (2).

Par. 2. New §§ 1.6031(b)-1T and 1.6031(c)-1T are added and §§ 1.6031(b)-2T and 1.6031(c)-2T are added and reserved in the appropriate places to read as follows:

§ 1.6031(b)-1T Statements to partners (temporary).

(a) *Statement required to be furnished to partners—(1) In general.* Except as provided in this paragraph (a)(1) and paragraph (a)(2)(ii) of this section, any partnership required under section 6031(a) and the regulations thereunder to file a partnership return for a taxable year shall furnish to every person who was a partner (within the meaning of section 7701(a)(2)) at any time during the taxable year a written statement containing the information described in paragraph (a)(3) of this section. This section shall not apply to a real estate mortgage investment conduit (REMIC) treated as a partnership under subtitle F of the Code by reason of section 860F(e). For the reporting requirements applicable to REMICs see § 1.6031(b)-2T.

(2) *Special rules applicable to partnership interests held by nominees—(i) Statements furnished to nominees.* For any partnership taxable year beginning after October 22, 1986, a partnership shall provide a person that holds (directly or indirectly) an interest in such partnership as a nominee on behalf of another person at any time during such year with a statement under paragraph (a)(1) of this section with respect to such interest if—

(A) Such nominee has not furnished the statement required under § 1.6031(c)-1T(a)(1)(i) to the partnership with respect to such other person;

(B) Such nominee either holds legal title to such partnership interest in its own name or is identified in a statement provided to the partnership pursuant to § 1.6031(c)-1T(a)(1)(i) by another nominee as the person on whose behalf such other nominee holds such interest; and

(C) Such nominee is not a person described in § 1.6031(c)-1T(a)(2) (relating to the special rule for clearing agencies).

In such case, the partnership shall assume, for purposes of this section, that the nominee is the beneficial owner of the partnership interest.

(ii) *Statements not required to be furnished to partners holding partnership interests through nominees.* A partnership shall not be required to furnish a statement under paragraph (a)(1) of this section to a partner with respect to any portion of such partner's interest in the partnership that is owned through a nominee if—

(A) Such nominee has not furnished (or is not required to furnish under § 1.6031(c)-1T(a)(2)), a statement to the partnership under § 1.6031(c)-1T(a)(1)(i) with respect to such partner; and

(B) Such partner has not furnished (or is not required to furnish) a statement to the partnership under § 1.6031(c)-1T(a)(3), with respect to such interest in the partnership.

(3) *Contents of statement.* The statement required under paragraph (a)(1) of this section shall include the following information:

(i) The partner's distributive share of partnership income, gain, loss, deduction, or credit required to be shown on the partnership return (or, for taxable years beginning before January 1, 1987, the partner's distributive share of partnership income, gain, loss, deduction, or credit shown on the partnership return); and

(ii) To the extent provided by form or the accompanying instructions, any additional information that may be required to apply particular provisions of subtitle A of the Code to the partner with respect to items related to the partnership.

(b) *Time for furnishing statement.* The statement required to be furnished by the partnership under paragraph (a)(1) of this section shall be furnished on or before the day on which the partnership return for that taxable year is required to be filed (determined with regard to extensions). For partnership returns the due date for which (determined without

regard to extensions) is before January 1, 1987, the statement required to be furnished by the partnership under paragraph (a)(1) of this section shall be furnished on or before the day on which the partnership return is filed.

(c) *Statement may be provided to agent.* If a partner designates another person, such as an attorney or an investment advisor, as the partner's (or nominee's) agent in dealing with the partnership, the partnership may provide the statement required under paragraph (a)(1) of this section with respect to such partner to such other person instead of the partner.

(d) *Penalties.* For penalties for failure to comply with the requirements of section 6031(b) and paragraph (a) of this section, see section 6722(a).

(e) *Effective date.* Except as otherwise provided in this section, the provisions of this section apply to partnership taxable years beginning after September 3, 1982.

§ 1.6031(b)-2T REMIC reporting requirements (temporary). [Reserved]

§ 1.6031(c)-1T Nominee reporting of partnership information (temporary).

(a) *Statements required to be furnished to partnership—(1) Statement from nominee—(i) In general.* Except as otherwise provided in this section, any person who holds, directly or indirectly, an interest in a partnership (required under section 6031(a) and the regulations thereunder to file a partnership return for a taxable year) as a nominee on behalf of another person at any time during the partnership taxable year shall furnish to the partnership a written statement (or statements) for that taxable year with respect to such other person containing the information described in paragraph (a)(1)(ii) of this section.

(ii) *Contents of statement.* The statement required under paragraph (a)(1)(i) of this section shall, except as otherwise provided in paragraph (a)(4) of this section, include the following information:

(A) The name, address, and taxpayer identification number of the nominee;

(B) The name, address, and taxpayer identification number of such other person;

(C) Whether such other person is—

(1) A person that is not a United States person;

(2) A foreign government, an international organization, or any wholly-owned agency or instrumentality of either of the foregoing; or

(3) A tax-exempt entity (within the meaning of section 168(h)(2));

(D) A description of any interest in the partnership held by the nominee on behalf of such other person at the beginning of the partnership taxable year;

(E) A description of any interest in the partnership that the nominee acquires (within the meaning of paragraph (g)(1) of this section) on behalf of such other person during the partnership taxable year, the method of acquisition (e.g., purchase, exchange, acquisition at death, gift, or commencement of nominee relationship) and acquisition cost (within the meaning of paragraph (g)(2) of this section) of such interest, and the date of the acquisition of such interest; and

(F) A description of any interest in the partnership that the nominee transfers (within the meaning of paragraph (g)(5) of this section) on behalf of such other person during the partnership taxable year, the net proceeds from the transfer (within the meaning of paragraph (g)(6) of this section) of such interest, and the date of the transfer of such interest.

A description of a partnership interest must include sufficient detail to enable the partnership to furnish to such other person the statement required under § 1.6031(b)-1T (a).

(2) *Special rule for clearing agencies.* A clearing agency registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934 (or its nominee) that holds an interest in a partnership as a nominee on behalf of another person shall not be required to furnish any statement described in paragraph (a)(1)(i) of this section with respect to such interest.

(3) *Special rule for brokers and financial institutions—(i) Additional statement required.* Any broker (within the meaning of paragraph (g)(3) of this section) or financial institution (within the meaning of paragraph (g)(4) of this section) that holds an interest in a partnership indirectly through a nominee described in paragraph (a)(2) of this section at any time during a partnership taxable year shall furnish (in addition to any statement (or statements) required under paragraph (a)(1)(i) of this section) to the partnership a written statement (or statements) containing the information described in paragraph (a)(3)(ii) of this section with respect to any interest in such partnership that it holds (directly or indirectly) for its own account at any time during such partnership taxable year.

(ii) *Contents of statement.* The statement required under paragraph (a)(3)(i) of this section shall, except as otherwise provided in paragraph (a)(4)

of this section, include the following information:

(A) The name, address, and taxpayer identification number of the broker or financial institution;

(B) Whether such broker of financial institution is a person that is not a United States person;

(C) A description of any interest in the partnership held by the broker or financial institution for its own account at the beginning of the partnership taxable year;

(D) A description of any interest in the partnership that the broker or financial institution acquires for its own account during the partnership taxable year, the method of acquisition and acquisition cost of such interest, and the date of the acquisition of such interest; and

(E) A description of any interest in the partnership that the broker or financial institution transfers for its own account during the partnership taxable year, the net proceeds from the transfer of such interest, and the date of the transfer of such interest.

A description of a partnership interest held by a broker or financial institution for its own account must include sufficient detail to enable the partnership to furnish to the broker or financial institution the statement required under § 1.6031(b)-1T (a).

(4) *Exception*—(i) *In general*. Except as otherwise provided in this paragraph (a)(4), any statement required under paragraph (a)(1)(i) or (3)(i) of this section for a taxable year is not required to include—

(A) That part of the information described in paragraph (a)(1)(ii)(E) and (3)(ii)(D) of this section regarding the method of acquisition and acquisition cost; or

(B) That part of the information described in paragraph (a)(1)(ii)(F) and (3)(ii)(E) of this section regarding the net proceeds from the transfer;

to the extent that, prior to the beginning of the partnership taxable year, the partnership has provided the nominee with a written statement that the nominee need not provide such information to the partnership, and the partnership has not modified or revoked such statement. For purposes of the preceding sentence, the modification or revocation of a statement furnished to a nominee is effective for a partnership taxable year if and only if the partnership notifies the nominee of such modification or revocation by a written statement more than 60 days before the beginning of the partnership taxable year. The nominee shall retain a copy of any statement that is furnished to it by the partnership under this paragraph

(a)(4) in the nominee's records so long as the contents thereof may become material in the administration of any internal revenue law.

(ii) *Effect of election under section 754*. Paragraph (a)(4)(i)(A) of this section shall not apply to a partnership taxable year if—

(A) The partnership has an election in effect under section 754 (relating to optional adjustment to basis of partnership property) for such taxable year; and

(B) The nominee knows or has reason to know of such election more than 60 days before the beginning of such taxable year.

(5) *Examples*. The following examples illustrate the application of this paragraph (a):

Example (1). B, a broker, holds 50 units of interest in Partnership P, a calendar year partnership, in street name for customer A, the beneficial owner. B holds the units on behalf of A at all times during 1989. B must furnish a statement to P for calendar year 1989 under paragraph (a)(1)(i) of this section that includes the information required under paragraph (a)(1)(ii) (A) through (D) of this section. The description of the partnership interest held by B on A's behalf on January 1, 1989, must identify the number of units of P held by B on A's behalf at that time (50), and the class of the partnership interest (including the Committee on Uniform Security Identification Procedures (CUSIP) number of the partnership interest, if known).

Example (2). The facts are the same as in example (1), except that pursuant to A's instructions, B sells 25 of A's units of interest in P on August 1, 1989, receiving net proceeds from the transfer of \$500. In addition to the information described in example (1), the statement that B must furnish to P must include the class of the partnership interest transferred (including the CUSIP number of the partnership interest, if known), the number of units transferred (25), the net proceeds from the transfer (\$500), and the date of the transfer (August 1, 1989.)

Example (3). The facts are the same as in example (1), except that A is not the beneficial owner, but rather holds the units as a nominee on behalf of C, the beneficial owner, at all times during 1989. In addition to the statement that B must furnish to P (as described in Example (1) of this paragraph (a)(5)), A must furnish a statement to P for calendar year 1989 under paragraph (a)(1)(i) of this section that includes the information required under paragraph (a)(1)(ii) (A) through (D) of this section. If both A and B provide P with the statement required under paragraph (a)(1)(i) of this section, P must provide C with the statement required under § 1.6031(b)-1T (a)(1).

(b) *Time for furnishing statements*. A nominee may furnish to the partnership any statement required under paragraph (a) of this section annually, quarterly, monthly, or on any other basis, provided that all statements required to be

furnished under paragraph (a) of this section for a partnership taxable year shall be furnished on or before the last day of the first month following the close of such partnership taxable year.

(c) *Use of magnetic media*. A nominee required to furnish a written statement under paragraph (a) of this section, may, in lieu of furnishing such written statement, furnish the required information on magnetic tape or by other media if the partnership and the nominee so agree.

(d) *Use of single document*. Any person who holds interests in a partnership as a nominee on behalf of more than one other person during the partnership taxable year, may, in lieu of furnishing to the partnership a separate statement for each such other person, furnish to the partnership a single document which includes, for each such other person, the information described in paragraph (a)(1)(ii) of this section. To the extent that a single document is used, references in this section to the statement required under paragraph (a)(1)(i) of this section shall be deemed to refer also to the information included in a single document under this paragraph (d).

(e) *Retention of information*. The nominee shall retain a copy of any statement that is furnished to the partnership under this section in the nominee's records so long as the contents thereof may become material in the administration of any internal revenue law.

(f) *Use of agent*. If a partnership has designated another person, such as a clearing organization, as the partnership's agent for purposes of receiving the statements required under paragraph (a) of this section, such statements may be furnished to that other person instead of the partnership. If a nominee has designated another person as its agent for purposes of furnishing to the partnership (or its agent) the statements required under paragraph (a) of this section, that other person may furnish such statements to the partnership (or its agent) on behalf of the nominee.

(g) *Meaning of terms*. For purposes of this section, the following terms have the meanings set forth below:

(1) The term "acquires" means—

(i) A purchase or other acquisition of a partnership interest; or

(ii) The commencement of a nominee relationship, including the substitution of one nominee for another.

(2) The term "acquisition cost" means the sum of any money paid and the fair market value of any property (other than money) transferred to acquire a

partnership interest increased by any expenses paid or incurred with respect to the acquisition (such as broker's fees or commissions).

(3) The term "broker" shall have the meaning set forth in paragraph (a)(1) of § 1.6045-1.

(4) The term "financial institution" means a financial institution such as a bank, mutual savings bank, savings and loan association, building and loan association, cooperative bank, homestead association, credit union, industrial loan association or bank or other similar organization.

(5) The term "transfer" means—

(i) A sale, exchange, or other disposition of a partnership interest; or
(ii) The termination of a nominee relationship, including the substitution of one nominee for another.

(6) The term "net proceeds from the transfer" means the sum of any money and the fair market value of any property (other than money) received in connection with a transfer of a partnership interest reduced by any expenses paid or incurred with respect to the transfer (such as broker's fees or commissions).

(7) The term "person" includes the United States, a State, the District of Columbia, a foreign government, a political subdivision of a State or foreign government, or an international organization.

(h) *Statement required by nominees that do not comply with § 1.6031(c)-1T*

(a)—(1) *In general.* Any person that—
(i) Holds an interest in a partnership as a nominee (other than a nominee described in paragraph (a)(3) of this section) on behalf of another person at any time during the partnership taxable year;

(ii) Does not furnish to such partnership the statement required under paragraph (a)(1)(i) of this section for such other person with respect to such interest in the partnership; and

(iii) Receives from such partnership the statement described in paragraph (a)(1) of § 1.6031(b)-1T with respect to such interest in the partnership; shall furnish to such other person a written statement containing the information described in paragraph (h)(2) of this section with respect to such interest in the partnership.

(2) *Contents of statement.* The statement required under paragraph (h)(1) of this section shall contain the following information:

(i) The distributive share of partnership income, gain, loss, deduction or credit required to be shown on the partnership return that is allocable to such interest in the partnership; and

(ii) Any additional information that may be required to apply particular provisions of subtitle A of the Code to the beneficial owner of such interest in the partnership in connection with items related to the partnership.

(3) *Time for furnishing statements.* A nominee shall furnish the statement required under paragraph (h)(1) of this section within 30 days after receiving the statement described in paragraph (a) of § 1.6031(b)-1T.

(i) *REMICs.* This section shall not apply with respect to any interest in a real estate mortgage investment conduit (REMIC) treated as a partnership under subtitle F of the Code by reason of section 860F(e). For the nominee reporting requirements with respect to REMICs see § 1.6031(c)-2T.

(j) *Penalties.* [Reserved].

(k) *Effective date—(1) In general.* Except as otherwise provided in paragraph (k)(2) of this section, the provisions of this section shall apply to partnership taxable years beginning after October 22, 1986.

(2) *Transitional rule for taxable years beginning before January 1, 1989.* For partnership taxable years beginning before January 1, 1989, —

(i) Any statement that a nominee is required to furnish to a partnership under paragraph (a)(1) of this section shall not be required to include the following information:

(A) The information described in paragraph (a)(1)(ii)(C) of this section;

(B) That part of the information described in paragraph (a)(1)(ii)(E) of this section regarding the method of acquisition and acquisition cost of a partnership interest; or

(C) That part of the information described in paragraph (a)(1)(ii)(F) of this section regarding the net proceeds from the transfer of a partnership interest.

(ii) A broker or financial institution shall not be required to furnish the additional statement described in paragraph (a)(3)(i) of this section.

§ 1.6031(c)-2T Nominee reporting of REMIC information (temporary).

[Reserved]

PART 602—[AMENDED]

Par. 3. The authority for 26 CFR Part 602 continues to read as follows:

Authority: 26 U.S.C. 7805.

§ 602.101 [Amended]

Par. 4. Section 602.101(c) is amended by inserting the following items in the appropriate place in the table:

§ 1.6031(b)-1T.....	1545-0099.
§ 1.6031(c)-1T.....	1545-0099.

There is need for immediate guidance with respect to the provisions contained in this Treasury decision. For this reason it is found impracticable to issue it with notice and public procedure under subsection (b) of section 553 of Title 5 of the United States Code or subject to the effective date limitation of subsection (d) of that section.

Lawrence B. Gibbs,

Commissioner of Internal Revenue.

Approved:

O. Donaldson Chapoton,

Assistant Secretary of the Treasury.

August 15, 1988.

[FR Doc. 88-20266 Filed 9-6-88; 8:45 am]

BILLING CODE 4830-01-M

DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Part 250

Oil and Gas and Sulphur Operations in the Outer Continental Shelf; List of Safety and Pollution Prevention Equipment in Inventory

AGENCY: Minerals Management Service, Interior.

ACTION: Waiver of time to submit list required under 30 CFR 250.126.

SUMMARY: Regulations governing oil and gas and sulphur operations in the Outer Continental Shelf (OCS) (30 CFR 250.126) require that each lessee submit a list of the safety and pollution prevention equipment (SPPE) in its inventory on April 1, 1988, by August 29, 1988. Numerous inquiries have been received requesting additional time to prepare and submit the prescribed list. This Notice extends until December 1, 1988, the deadline for lessees to prepare and submit the required list.

DATES: The list of SPPE must be submitted by December 1, 1988.

ADDRESS: The list must be submitted to: Deputy Associate Director for Offshore Operations; Minerals Management Service; Mail Stop 647; 12203 Sunrise Valley Drive; Reston, Virginia 22091.

FOR FURTHER INFORMATION CONTACT: M.L. Courtois; Chief, Offshore Inspection and Enforcement Division; Minerals Management Service; Mail Stop 647, 12203 Sunrise Valley Drive; Reston, Virginia 22091; (703) 648-7750.

SUPPLEMENTARY INFORMATION: The Consolidated Offshore Operating Rules published in the Federal Register on April 1, 1988 (53 FR 10596), include a provision in 30 CFR 250.126 which requires each lessee to submit a list of

SPPE in the lessee's inventory as of April 1, 1988, and allows for the continued installation of either certified equipment or uncertified equipment identified as in the lessee's inventory as of April 1, 1988. Section 250.126 specifies that the lessee's lists are to be submitted by August 29, 1988.

The lists being assembled by lessees are, in some cases, lengthy and are taking lessees more elapsed time to assemble than had been anticipated by MMS when it drafted the final rule. As a result, several lessees have requested and have been granted additional time beyond August 29, 1988, within which to prepare and submit the required lists.

The MMS believes that providing additional time to submit the required information results in lessee submissions which contain fewer errors or omissions. In addition, providing an extension of time to all lessees through the publication of a Federal Register Notice eliminates the need for MMS to process and respond to the individual lessees who submit a request for additional time. Therefore, by publication of this Notice, OCS oil and gas lessees are being allowed until December 1, 1988, to submit the SPPE lists described in paragraph (b)(1) of 30 CFR 250.126.

It should be noted that the additional time for preparation and submission of lessees' SPPE lists neither changes the SPPE items to be listed nor changes any of the other requirements contained in the regulations that became effective May 31, 1988. The lessee's SPPE list is to contain the SPPE items in the lessee's inventory on April 1, 1988.

Date: August 30, 1988.

Bruce G. Weetman,

Acting Associate Director for Offshore Minerals Management.

[FR Doc. 88-20314 Filed 9-6-88; 8:45 am]

BILLING CODE 4310-MR-M

VETERANS ADMINISTRATION

DEPARTMENT OF DEFENSE

38 CFR Part 21

Veterans Education; Amendments to VEAP Required by the Veterans' Benefits Improvement and Health-Care Authorization Act of 1986

AGENCY: Veterans Administration and Department of Defense.

ACTION: Final regulations.

SUMMARY: The Veterans' Benefits Improvement and Health-Care Authorization Act of 1986 contains several provisions which affect the Post-

Vietnam Era Veterans' Educational Assistance Program (VEAP). The most important changes include provision of apprenticeship and other on-job training in this program; extension of the veteran's period of eligibility if he or she is disabled during the eligibility period; and closing of VEAP to new enrollments. This regulation informs the public how the Veterans Administration (VA) intends to administer the new provisions of law.

EFFECTIVE DATE: October 28, 1986.

FOR FURTHER INFORMATION CONTACT: June C. Schaeffer, Assistant Director for Education Policy and Program Administration (225), Vocational Rehabilitation and Education Service, Department of Veterans Benefits, Veterans Administration, 810 Vermont Avenue NW., Washington, DC 20420, (202) 233-2092.

SUPPLEMENTARY INFORMATION: On pages 4186 through 4192 of the Federal Register of February 12, 1988, there was proposed amendments to 38 CFR Part 21 which are designed to implement those provisions of the veterans' Benefits Improvement and Health-Care Authorization Act of 1986 (Pub. L. 99-576). Interested people were given 31 days to submit comments, suggestions or objections. The VA and the Department of Defense received one letter from a university official containing a comment.

The official objected to the regulations because they do not provide for the pursuit of cooperative courses under VEAP. She suggested that the regulations be reviewed to see if benefits could be paid to veterans who are eligible to receive benefits under VEAP and who are pursuing cooperative courses.

The VA and the Department of Defense have carefully considered this matter, and have concluded that the law does not permit payments under VEAP for cooperative courses. Title 38, United States Code, 6141(a) contains a list of the sections of 38 U.S.C., chapter 34 (the chapter governing the Vietnam Era GI Bill) which apply to VEAP. Authority to include cooperative training in the Vietnam Era GI Bill is found in 38 U.S.C. 1682(a). That section is not listed in 38 U.S.C. 1641(a) as applying to VEAP. Accordingly, benefits may not be paid under VEAP for cooperative training. The VA and the Department of Defense are adopting the regulations as proposed.

The VA and the Department of Defense find that good cause exists for making these regulations, like the sections of the law they implement, retroactively effective on October 28, 1986. To achieve the maximum benefit

of this legislation for the affected individuals, it is necessary to implement these provisions of law as soon as possible. A delayed effective date would be contrary to statutory design; would complicate administration of these provisions of law; and might result in denial of a benefit to a veteran who is entitled by law to it.

The information collection contained in § 21.5200 of the final rule has been approved by the Office of Management and Budget and assigned OMB number 2900-0178. The public reporting burden for this collection of information is estimated to average less than 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to VA Liaison Officer (732), Veterans Administration, 810 Vermont Avenue NW., Washington, DC 20420 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503.

The VA and the Department of Defense have determined that these amended regulations do not contain a major rule as that term is defined by E.O. 12291, entitled Federal Regulation. The regulations will not have a \$100 million annual effect on the economy, and will not cause a major increase in costs or prices for anyone. They will have no significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

The Administrator of Veterans Affairs and the Department of Defense have certified that these amended regulations will not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act (RFA), 5 U.S.C. 610-612. Pursuant to 5 U.S.C. 605(b), the amended regulations, therefore, are exempt from the initial and final regulatory flexibility analyses requirements of §§ 603 and 604. This certification was made only after carefully considering several factors.

The amendment to § 21.5200 in effect requires the application of § 21.4203(f)(3) to VEAP. That section requires training establishments to certify monthly to the VA the attendance of those veterans in apprenticeship and other on-job