

partner of a partnership which is a preparer), must retain the manually signed copy of the return or claim for refund. In the alternative, for a return or claim for refund presented to a taxpayer for signature after December 31, 1998 and for returns or claims for refund retained on or before that date, the person required to retain the manually signed copy of the return or claim for refund may choose to retain a photocopy of the manually signed copy of the return or claim for refund, or use an electronic storage system to store and produce a copy of the manually signed return or claim for refund. For purposes of this paragraph (b)(4)(i), an electronic storage system must meet the electronic storage system requirements prescribed in section 4 of Rev. Proc. 97-22 (1997-1 C.B. 652)(see § 601.601(d)(2) of this chapter) or procedures subsequently prescribed by the Commissioner. A record of any arithmetical errors corrected must be retained and made available upon request by the person required to retain the manually signed copy of the return or claim for refund.

(b)(4)(ii) through (f) [Reserved]. For further guidance, see § 1.6695-1(b)(4)(ii) through (f).

(g) *Effective date.* This section applies to income tax returns and claims for refund presented to a taxpayer for signature after December 31, 1998 and for returns or claims for refund retained on or before December 31, 1998. This section expires on December 31, 2001.

**Robert E. Wenzel,**

*Deputy Commissioner of Internal Revenue.*

Approved: December 17, 1998.

**Donald C. Lubick,**

*Assistant Secretary of the Treasury.*

[FR Doc. 98-34360 Filed 12-30-98; 8:45 am]

BILLING CODE 4830-01-P

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Parts 1, 31, 35a, and 301

[TD 8804]

RIN 1545-AW39

#### **General Revision of Regulations Relating to Withholding of Tax on Certain U.S. Source Income Paid to Foreign Persons and Related Collection, Refunds, and Credits; Revision of Information Reporting and Backup Withholding Regulations; and Removal of Regulations Under Parts 1 and 35a and of Certain Regulations Under Income Tax Treaties**

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

**ACTION:** Final rule; delay of effective date, technical amendments, and partial withdrawal.

**SUMMARY:** This document contains changes delaying the effective date and making technical amendments to final regulations (TD 8734), which were published in the **Federal Register** for October 14, 1997, relating to the withholding of income tax on certain U.S. source income payments to foreign persons. The Department of the Treasury and the IRS believe it is in the best interest of tax administration to extend the effective date of the final withholding regulations to ensure that both taxpayers and the government can complete changes necessary to implement the new withholding regime. As extended by this document, the final withholding regulations will apply to payments made after December 31, 1999. This document also withdraws two amendments which have already been dealt with in TD 8772, which was published in the *Federal Register* for June 30, 1998.

**DATES:** *Effective Dates:* The amendments in this final rule are effective January 1, 2000. As of December 31, 1998, the effective date of the final regulations published at 62 FR 53387, October 14, 1997, is delayed from January 1, 1999, until January 1, 2000; however, the effective date of the addition of § 31.9999-0 and § 35a.9999-0 and the removal of § 35a.9999-0T remains October 14, 1997.

*Withdrawal:* Effective December 31, 1998, the amendments removing §§ 1.6045-1T and 1.6045-2T published at 62 FR 53387, October 14, 1997, are withdrawn.

**FOR FURTHER INFORMATION CONTACT:** Lilo Hester, (202) 622-3840 (not a toll-free number).

## SUPPLEMENTARY INFORMATION:

### Background

The final regulations that are the subject of this amendment provide guidance under sections 1441, 1442, and 1443 of the Internal Revenue Code (Code) on certain U.S. source income paid to foreign persons, the related tax deposit and reporting requirements under section 1461 of the Code, and the related changes under sections 163(f), 165(j), 871, 881, 1462, 1463, 3401, 3406, 6041, 6041A, 6042, 6045, 6049, 6050A, 6050N, 6109, 6114, 6402, 6413, and 6724 of the Code.

### Need for Changes

On April 13, 1998, in Notice 98-16 (1998-15 I.R.B. 12), the IRS and Treasury announced their decision to extend the effective date of the final regulations, and to make correlative changes to the transition rules for obtaining new withholding certificates and statements containing the necessary information and representations required by the final regulations. As published in the **Federal Register** on October 14, 1997 (62 FR 53387), the final regulations were generally applicable to payments made after December 31, 1998, and generally granted withholding agents until after December 31, 1999, to obtain the new withholding certificates and statements required under those regulations. This amendment serves to make the final regulations applicable to payments made after December 31, 1999, and to require mandatory use of the new withholding certificates and statements after December 31, 2000. In addition, this amendment serves to address typographical errors, and to withdraw the removal of §§ 1.6045-1T and 1.6045-2T since those sections were already removed on June 30, 1998, in TD 8772 (63 FR 35517).

### Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in EO 12866. Therefore, a regulatory assessment is not required. It has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations. Finally, it has been determined that the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply to these regulations because the regulations do not impose a collection of information on small entities. Pursuant to 7805(f) of the Code, the notice of proposed rulemaking preceding these regulations (61 FR 17614) was submitted to the Small

Business Administration for comment on its impact on small business.

## List of Subjects

### 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

### 26 CFR Part 31

Employment taxes, Income taxes, Penalties, Pensions, Railroad retirement, Reporting and recordkeeping requirements, Social security, Unemployment compensation.

### 26 CFR Part 35a

Employment taxes, Income taxes, Reporting and recordkeeping requirements.

### 26 CFR Part 301

Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

Accordingly, under the authority of 26 U.S.C. 7805, 26 CFR parts 1, 31, 35a, and 301 are amended by making the following correcting amendments:

## PART 1—INCOME TAXES

**Paragraph 1.** The authority citation for part 1 continues to read in part as follows:

**Authority:** 26 U.S.C. 7805 \* \* \*

**Par. 2.** In § 1.871-14, paragraph (h) is revised to read as follows:

**§ 1.871-14 Rules relating to repeal of tax on interest of nonresident alien individuals and foreign corporations received from certain portfolio debt investments.**

\* \* \* \* \*

(h) *Effective date*—(1) *In general.* This section shall apply to payments of interest made after December 31, 1999.

(2) *Transition rule.* For purposes of this section, the validity of a Form W-8 that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a Form W-8 that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) or, if earlier, until December 31, 2000. The rule in this paragraph (h)(2), however, does not apply to extend the validity period of a Form W-8 that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (h)(2), a

withholding agent or payor may choose to not take advantage of the transition rule in this paragraph (h)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and, therefore, may choose to obtain withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 3.** In § 1.1441-1 as revised at 62 FR 53424, paragraph (f) is revised to read as follows:

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

\* \* \* \* \*

(f) *Effective date*—(1) *In general.* This section applies to payments made after December 31, 1999.

(2) *Transition rules*—(i) *Special rules for existing documentation.* For purposes of paragraphs (d)(3) and (e)(2)(i) of this section, the validity of a withholding certificate (namely, Form W-8, 8233, 1001, 4224, or 1078, or a statement described in § 1.1441-5 in effect prior to January 1, 2000 (see § 1.1441-5 as contained in 26 CFR part 1, revised April 1, 1998)) that was valid on January 1, 1998 under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a withholding certificate that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) or, if earlier, until December 31, 2000. The rule in this paragraph (f)(2)(i), however, does not apply to extend the validity period of a withholding certificate that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (f)(2)(i), a withholding agent may choose to not take advantage of the transition rule in this paragraph (f)(2)(i) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2000 (see 26 CFR

parts 1 and 35a, revised April 1, 1998) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998). Further, a new withholding certificate remains valid for the period specified in paragraph (e)(4)(ii) of this section, regardless of when the certificate is obtained.

(ii) *Lack of documentation for past years.* A taxpayer may elect to apply the provisions of paragraphs (b)(7)(i)(B), (ii), and (iii) of this section, dealing with liability for failure to obtain documentation timely, to all of its open tax years, including tax years that are currently under examination by the IRS. The election is made by simply taking action under those provisions in the same manner as the taxpayer would take action for payments made after December 31, 1999.

**Par. 4.** In § 1.1441-4 as amended at 62 FR 53450, paragraph (g) is revised to read as follows:

**§ 1.1441-4 Exemptions from withholding for certain effectively connected income and other amounts.**

\* \* \* \* \*

(g) *Effective date*—(1) *General rule.* This section applies to payments made after December 31, 1999.

(2) *Transition rules.* The validity of a Form 4224 or 8233 that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2000 (see 26 CFR part 1, revised April 1, 1998) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a Form 4224 or 8233 that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2000 (see 26 CFR part 1, revised April 1, 1998) or, if earlier, until December 31, 2000. The rule in this paragraph (g)(2), however, does not apply to extend the validity period of a Form 4224 or 8223 that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (g)(2), a withholding agent may choose to not take advantage of the transition rule in this paragraph (g)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2000 (see 26 CFR part 1, revised April 1, 1998) and, therefore, to

require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2000 (see 26 CFR part 1, revised April 1, 1998). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 5.** In § 1.1441-5 as revised at 62 FR 53452, paragraph (g) is revised to read as follows:

**§ 1.1441-5 Withholding on payments to partnerships, trusts, and estates.**

\* \* \* \* \*

(g) *Effective date*—(1) *General rule.* This section applies to payments made after December 31, 1999.

(2) *Transition rules.* The validity of a withholding certificate that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a withholding certificate that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) or, if earlier, until December 31, 2000. The rule in this paragraph (g)(2), however, does not apply to extend the validity period of a withholding certificate that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (g)(2), a withholding agent may choose to not take advantage of the transition rule in this paragraph (g)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 6.** In § 1.1441-6 as revised at 62 FR 53458, paragraph (g) is revised to read as follows:

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

\* \* \* \* \*

(g) *Effective date*—(1) *General rule.* This section applies to payments made after December 31, 1999.

(2) *Transition rules.* For purposes of this section, the validity of a Form 1001 or 8233 that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a Form 1001 or 8233 is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) or, if earlier, until December 31, 2000. The rule in this paragraph (g)(2), however, does not apply to extend the validity period of a Form 1001 or 8233 that expires solely by reason of changes in the circumstances of the person whose name is on the certificate or in interpretation of the law under the regulations under § 1.894-1T(d). Notwithstanding the first three sentences of this paragraph (g)(2), a withholding agent may choose to not take advantage of the transition rule in this paragraph (g)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 7.** In § 1.1441-8 as redesignated and amended at 62 FR 53464, paragraph (f) is revised to read as follows:

**§ 1.1441-8 Exemption from withholding for payments to foreign governments, international organizations, foreign central banks of issue, and the Bank for International Settlements.**

\* \* \* \* \*

(f) *Effective date*—(1) *In general.* This section applies to payments made after December 31, 1999.

(2) *Transition rules.* For purposes of this section, the validity of a Form 8709 that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2000 (see 26 CFR part 1, revised April 1, 1998) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a Form 8709 that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2000 (see 26 CFR part 1, revised April 1, 1998) or, if earlier, until December 31, 2000. The rule in this paragraph (f)(2), however, does not apply to extend the validity period of a Form 8709 that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (f)(2), a withholding agent may choose to not take advantage of the transition rule in this paragraph (f)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2000 (see 26 CFR part 1, revised April 1, 1998) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2000 (see 26 CFR part 1, revised April 1, 1998). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 8.** In § 1.1441-9, paragraph (d) is revised to read as follows:

**§ 1.1441-9 Exemption from withholding on exempt income of a foreign tax-exempt organization, including foreign private foundations.**

\* \* \* \* \*

(d) *Effective date*—(1) *In general.* This section applies to payments made after December 31, 1999.

(2) *Transition rules.* For purposes of this section, the validity of a Form W-8, 1001, or 4224 or a statement that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a Form W-8, 1001, or 4224 or a statement that is valid on or after January 1, 1999 remains valid until its validity expires under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1,

1998) or, if earlier, until December 31, 2000. The rule in this paragraph (d)(2), however, does not apply to extend the validity period of a Form W-8, 1001, or 4224 or a statement that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (d)(2), a withholding agent may choose to not take advantage of the transition rule in this paragraph (d)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 9.** In § 1.1443-1 as revised at 62 FR 53466, paragraph (c) is revised to read as follows:

**§ 1.1443-1 Foreign tax-exempt organizations.**

\* \* \* \* \*

(c) *Effective date*—(1) *In general.* This section applies to payments made after December 31, 1999.

(2) *Transition rules.* For purposes of this section, the validity of an affidavit or opinion of counsel described in § 1.1443-1(b)(4)(i) in effect prior to January 1, 2000 (see § 1.1443-1(b)(4)(i) as contained in 26 CFR part 1, revised April 1, 1998) that is valid on December 31, 1998 is extended until December 31, 2000. However, a withholding agent may choose to not take advantage of the transition rule in this paragraph (c)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2000 (see 26 CFR part 1, revised April 1, 1998) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2000 (see 26 CFR part 1, revised April 1, 1998). Further, a new withholding certificate remains valid for the period specified in § 1.1441-

1(e)(4)(ii), regardless of when the certificate is obtained.

**§ 1.6041-3 [Amended]**

**Par. 10.** Section 1.6041-3 as amended at 62 FR 53472 is further amended by removing the last sentence of the introductory text.

**Par. 11.** In § 1.6042-3 as amended at 62 FR 53475, paragraph (b)(5) is revised to read as follows:

**§ 1.6042-3 Dividends subject to reporting.**

\* \* \* \* \*

(b) \* \* \*

(5) *Effective date*—(i) *General rule.* The provisions of this paragraph (b) apply to payments made after December 31, 1999.

(ii) *Transition rules.* The validity of a withholding certificate (namely, Form W-8 or other form upon which the payor is permitted to rely to hold the payee as a foreign person) that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a withholding certificate that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) or, if earlier, until December 31, 2000. The rule in this paragraph (b)(5)(ii), however, does not apply to extend the validity period of a withholding certificate that expires solely by reason of changes in the circumstances of the person whose name is on the certificate.

Notwithstanding the first three sentences of this paragraph (b)(5)(ii), a payor may choose not to take advantage of the transition rule in this paragraph (b)(5)(ii) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 12.** In § 1.6045-1 as amended at 62 FR 53476, paragraph (g)(5) is revised to read as follows:

**§ 1.6045-1 Returns of information of brokers and barter exchanges.**

\* \* \* \* \*

(g) \* \* \*

(5) *Effective date*—(i) *General rule.* The provisions of this paragraph (g) apply to payments made after December 31, 1999.

(ii) *Transition rules.* The validity of a withholding certificate (namely, Form W-8 or other form upon which the payor is permitted to rely to hold the payee as a foreign person) that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a withholding certificate that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) or, if earlier, until December 31, 2000. The rule in this paragraph (g)(5)(ii), however, does not apply to extend the validity period of a form that expires in 1998 solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (g)(5)(ii), a payor may choose not to take advantage of the transition rule in this paragraph (g)(5)(ii) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 13.** Effective December 31, 1999, the amendments removing §§ 1.6045-1T and 1.6045-2T, published at 62 FR 53480, are withdrawn.

**Par. 14.** In § 1.6049-5 as amended at 62 FR 53483, paragraph (g) is revised to read as follows:

**§ 1.6049-5 Interest and original issue discount subject to reporting after December 31, 1982.**

\* \* \* \* \*

(g) *Effective date*—(1) *General rule.* The provisions of paragraphs (b)(6) through (15), (c), (d), and (e) of this

section apply to payments made after December 31, 1999.

(2) *Transition rules.* The validity of a withholding certificate (namely, Form W-8 or other form upon which the payor is permitted to rely to hold the payee as a foreign person) that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a withholding certificate that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) or, if earlier,

until December 31, 2000. The rule in this paragraph (g)(2), however, does not apply to extend the validity period of a withholding certificate that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (g)(2), a payor may choose not to take advantage of the transition rule in this paragraph (g)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998) and, therefore, may require withholding certificates conforming to the requirements described in this section (new

withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2000 (see 26 CFR parts 1 and 35a, revised April 1, 1998). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

#### **PARTS 1, 31, 35a, and 301 [AMENDED]**

**Par. 15.** In the list below, for each section indicated in the left column (which was added, revised, or amended at 62 FR 53387), remove the language in the middle column and add the language in the right column:

Section	Remove	Add
1.871-14(c)(2)(iii) .....	1.1441-1(c)(3)(ii) .....	1.1441-1(e)(3)(ii).
1.871-14(c)(3)(ii), <i>Example</i> , first and sixth sentences.	October 12, 1999 .....	October 12, 2000.
1.871-14(c)(3)(ii), <i>Example</i> , sixth sentence .....	December 31, 1999 .....	December 31, 2000.
1.871-14(c)(3)(ii), <i>Example</i> , sixth and seventh sentences.	June 15, 2003 .....	June 15, 2004.
1.1441-1(b)(2)(iii)(B), fifth sentence .....	Savings clause .....	Saving clause.
1.1441-1(b)(2)(iv)(E), second sentence .....	Actually maintain .....	Actually maintains.
1.1441-1(b)(3)(iii)(B), first sentence .....	That cannot reliably .....	Cannot reliably.
1.1441-1(b)(3)(iii)(C), last sentence .....	1.1441-4(e) .....	1.1441-4(d).
1.1441-1(b)(3)(x), <i>Example 1</i> , seventh and ninth sentences.	W s .....	W's.
1.1441-1(b)(3)(x), <i>Example 2</i> , sixth and seventh sentences.	W s .....	W's.
1.1441-1(b)(3)(x), <i>Example 3</i> , third sentence ..	X, nc. ....	X, Inc.
1.1441-1(b)(4)(i), first sentence .....	1.871-7(b)(2)(i) .....	1.871-7(b)(2).
1.1441-1(b)(4)(xix) .....	January 1, 1999 .....	January 1, 2000.
1.1441-1(b)(4)(xix) .....	April 1, 1997 .....	April 1, 1998.
1.1441-1(b)(5)(viii) .....	I.R.B. 1996-49 .....	1996-2 C.B. 227.
1.1441-1(b)(7)(v), <i>Example 1</i> , first, fourth, and eighth sentences.	June 15, 1999 .....	June 15, 2000.
1.1441-1(b)(7)(v), <i>Example 1</i> , third and ninth sentences.	September 30, 2001 .....	September 30, 2002.
1.1441-1(b)(7)(v), <i>Example 1</i> , ninth sentence ..	March 15, 2000 .....	March 15, 2001.
1.1441-1(b)(7)(v), <i>Example 2</i> , first, fourth, and seventh sentences.	June 15, 1999 .....	June 15, 2000.
1.1441-1(b)(7)(v), <i>Example 2</i> , third and seventh sentences.	September 30, 2001 .....	September 30, 2002.
1.1441-1(b)(7)(v), <i>Example 2</i> , seventh and ninth sentences.	March 15, 2000 .....	March 15, 2001.
1.1441-1(c)(6)(ii)(B) .....	January 1, 1999 .....	January 1, 2000.
1.1441-1(c)(6)(ii)(B) .....	April 1, 1997 .....	April 1, 1998.
1.1441-1(e)(4)(ii)(A) .....	September 30, 1999 .....	September 30, 2000.
1.1441-1(e)(4)(ii)(A) .....	December 31, 2002 .....	December 31, 2003.
1.1441-1(e)(4)(vi), sixth sentence .....	Provided the acceptable .....	Provided on the acceptable.
1.1441-1(e)(4)(ix)(A)(2), second sentence .....	§ 31.3406(c)(1)(c)(3)(ii) .....	§ 31.3406(c)-1(c)(3)(ii).
1.1441-1(e)(5)(i), penultimate sentence .....	Reportable payments .....	Reportable amounts.
1.1441-1(e)(5)(v)(A), third sentence .....	The intermediary .....	The qualified intermediary.
1.1441-1(e)(5)(v)(A), fourth sentence .....	The intermediary to .....	The qualified intermediary to.
1.1441-1(e)(5)(v)(B), introductory text, third sentence.	Paragraph (b)(3)(vi) .....	Paragraph (e)(3)(vi).
1.1441-1(e)(5)(v)(B)(1), second sentence .....	Withholding agent .....	Qualified intermediary.
1.1441-1(e)(5)(v)(C), first sentence .....	The intermediary .....	The qualified intermediary.
1.1441-2(a), last sentence .....	871(h)(5)(B) .....	871(h)(5)(B) or a member of a clearing organization which member is the beneficial owner of the obligation.
1.1441-2(b)(1)(ii), fifth sentence .....	Someone's .....	Someone's.
1.1441-2(b)(3)(iv) .....	December 31, 1998 .....	December 31, 1999.
1.1441-2(f) .....	December 31, 1998 .....	December 31, 1999.
1.1441-3(h) .....	December 31, 1998 .....	December 31, 1999.

Section	Remove	Add
1.1441-4(a)(2)(i), second sentence .....	United States .....	United States and is includable in the beneficial owner's gross income for the taxable year.
1.1441-5(a)(6), second sentence .....	Withholding partnership .....	Withholding foreign partnership.
1.1441-5(c)(2)(ii)(B), sixth sentence .....	Qualified intermediary .....	Withholding foreign partnership.
1.1441-5(c)(2)(ii)(B), sixth sentence .....	Customers .....	Partners.
1.1441-5(c)(3)(iii)(D) .....	That the partners .....	That the amounts allocable to the partners.
1.1441-5(d)(4), <i>Example 2</i> , second sentence .....	Depending of .....	Depending on.
1.1441-6(b)(1), first sentence .....	§ 1.1441-1(e)(1)(ii)(B) .....	§ 1.1441-1(e)(1)(ii)(A)(2).
1.1441-6(c)(2)(ii), first sentence .....	Upon a certificate .....	Upon receipt of a certificate.
1.1441-6(d), second sentence .....	Rate of tax .....	Rate of withholding.
1.441-7(g) .....	December 31, 1998 .....	December 31, 1999.
1.1461-1(b)(2)(v) .....	Foreign partnership shall .....	Foreign partnership (whether or not a withholding foreign partnership) shall.
1.1461-1(b)(2)(vi), paragraph heading .....	<i>Banks, securities dealers, or insurance companies.</i>	<i>Banks, or insurance companies.</i>
1.1461-1(c)(4)(iv), first sentence .....	Certificate attached to the intermediary's or partnership withholding certificate that is from a qualified intermediary or a withholding foreign partnership.	Certificate or documentary evidence attached to the intermediary's or partnership withholding certificate.
1.1461-1(i) .....	December 31, 1998 .....	December 31, 1999.
1.1461-2(a)(1), third sentence .....	An adjustment to .....	A refund of.
1.1461-2(a)(3), first sentence .....	Beneficial owner .....	Beneficial owner or payee.
1.1461-2(a)(4), <i>Example 1(i)</i> , second sentence .....	December 1999 .....	December 2000.
1.1461-2(a)(4), <i>Example 1(i)</i> , third sentence .....	February 10, 2000 .....	February 10, 2001.
1.1461-2(a)(4), <i>Example 1(ii)</i> , first, second, and last sentences.	1999 .....	2000.
1.1461-2(a)(4), <i>Example 1(ii)</i> , first sentence .....	March 15, 2000 .....	March 15, 2001.
1.1461-2(a)(4), <i>Example 1(ii)</i> , third sentence .....	2000 .....	2001.
1.1461-2(a)(4), <i>Example 2</i> , second and last sentences.	2000 .....	2001.
1.1461-2(a)(4), <i>Example 2</i> , second sentence .....	June 2000 .....	June 2001.
1.1461-2(a)(4), <i>Example 2</i> , third sentence .....	July 15, 2000 .....	July 15, 2001.
1.1461-2(a)(4), <i>Example 2</i> , third sentence .....	1999 .....	2000.
1.1461-2(a)(4), <i>Example 2</i> , last sentence .....	March 15, 2001 .....	March 15, 2002.
1.1461-2(a)(4), <i>Example 3</i> , last sentence .....	February 15, 2000 .....	February 15, 2001.
1.1461-2(a)(4), <i>Example 3</i> , last sentence .....	March 15, 2000 .....	March 15, 2001.
1.1461-2(d) .....	December 31, 1998 .....	December 31, 1999.
1.1462-1(c) .....	December 31, 1998 .....	December 31, 1999.
1.1463-1(a), last sentence .....	§ 1.1441-7(b)(7) .....	§ 1.1441-7(b).
1.1463-1(b) .....	December 31, 1989 .....	December 31, 1999.
1.1464-1(b) .....	§ 1.1461-4 .....	§ 1.1461-2.
1.6041-4(d) .....	December 31, 1998 .....	December 31, 1999.
1.6041A-1(d)(3)(i)(B), first sentence .....	If payments made .....	If payments are made.
1.6041A-1(d)(3)(iv), paragraph heading .....	Amount paid .....	Amounts paid.
1.6041A-1(d)(3)(v) .....	December 31, 1998 .....	December 31, 1999.
1.6043-2(a), first, second, and last sentences .....	966 .....	1099.
1.6045-1(d)(6)(ii)(B) .....	December 31, 1998 .....	December 31, 1999.
1.6045-1(g)(3)(iv), second sentence .....	<i>Example 7</i> .....	<i>Example 6</i> .
1.6045-1(g)(4), <i>Example 7(ii)</i> , last sentence .....	Y's .....	Y's.
1.6049-4(c)(1)(ii)(A), second sentence .....	Certificate meeting the certification requirements of paragraphs (c)(2)(ii)(A) (1) through (5) of this section.	Certificate stating that each member of the partnership meets the requirements of paragraphs (c)(1)(ii)(A)(1) through (4) of this section.
1.6049-4(d)(3)(ii)(B) .....	December 31, 1998 .....	December 31, 1999.
1.6049-5(b)(12), first sentence .....	Returns of information are not required for payments that.	Payments that.
1.6049-5(c)(4)(i), first sentence .....	The payor may .....	The bank or other financial institution may.
1.6049-5(c)(4)(ii), second sentence .....	Then the financial institution .....	Then the bank or other financial institution.
1.6049-5(c)(4)(v) .....	January 1, 1999 .....	January 1, 2000.
1.6049-5(d)(2)(ii), second and last sentences .....	Publicly traded .....	Actively traded.
1.6049-5(d)(2)(ii), eighth sentence .....	Is less than 31 .....	Is equal to or less than 31.
1.6049-5(e)(1)(i), introductory text .....	The amount .....	An amount is described in this paragraph (e)(1)(i) if it.
1.6049-5(e)(1)(ii) .....	The amount .....	An amount is described in this paragraph (e)(1)(ii) if it.
1.6049-5(e)(4), second sentence .....	Specifically identifies .....	Specifically identify.
1.6049-5(e)(5), <i>Example 5</i> , last sentence .....	Of is section .....	Of this section.
1.6049-5(e)(5), <i>Example 9</i> , second sentence .....	A holds .....	A holds.
1.6049-5(e)(5), <i>Example 9</i> , third sentence .....	Paid to a .....	Paid to A.
1.6049-5(e)(5), <i>Example 9</i> , third sentence .....	A's .....	A's.
1.6049-5(e)(5), <i>Example 9</i> , last sentence .....	To a by DB .....	To A by DB.
1.6050N-1(e), first sentence .....	Is applies to .....	Applies to.
1.6050N-1(e), last sentence .....	December 31, 1998 .....	December 31, 1999.

Section	Remove	Add
31.3401(a)(6)–1(e), paragraph heading .....	January 1, 1999 .....	January 1, 2000.
31.3401(a)(6)–1(e), first sentence .....	January 1, 1999 .....	January 1, 2000.
31.3401(a)(6)–1(f), paragraph heading .....	December 31, 1998 .....	December 31, 1999.
31.3401(a)(6)–1(f), first sentence .....	December 31, 1998 .....	December 31, 1999.
31.3406(g)–1(e), first sentence .....	December 31, 1998 .....	December 31, 1999.
31.3406(h)–2(d), penultimate sentence .....	December 31, 1998 .....	December 31, 1999.
31.9999–0 .....	January 1, 1999 .....	January 1, 2000.
301.6114–1(b)(4)(ii)(C), introductory text .....	December 31, 1998 .....	December 31, 1999.
301.6114–1(b)(4)(ii)(D) .....	December 31, 1998 .....	December 31, 1999.
301.6724–1(g)(2) Q–11 .....	January 1, 1999 .....	January 1, 2000.
301.6724–1(g)(2) Q–11 .....	April 1, 1997 .....	April 1, 1998.
301.6724–1(g)(2) A–11 .....	January 1, 1999 .....	January 1, 2000.
301.6724–1(g)(2) A–11 .....	April 1, 1997 .....	April 1, 1998.
301.6724–1(g)(3), first sentence .....	December 31, 1998 .....	December 31, 1999.
301.6724–1(g)(3), last sentence in both places .....	January 1, 1999 .....	January 1, 2000.
301.6724–1(g)(3), last sentence .....	April 1, 1997 .....	April 1, 1998.

**Robert E. Wenzel,**

*Deputy Commissioner of Internal Revenue.*

Approved: December 7, 1998.

**Donald C. Lubick,**

*Assistant Secretary of the Treasury.*

[FR Doc. 98–34359 Filed 12–30–98; 8:45 am]

BILLING CODE 4830–01–U

## DEPARTMENT OF TRANSPORTATION

### Coast Guard

#### 33 CFR Part 117

[CGD 08–98–077]

RIN 2115–AE47

#### Temporary Drawbridge Regulations; Mississippi River, Iowa and Illinois

**AGENCY:** Coast Guard, DOT.

**ACTION:** Temporary rule.

**SUMMARY:** The Coast Guard is temporarily adding a drawbridge operation regulation governing the Rock Island Railroad and Highway Drawbridge, Mile 482.9, Upper Mississippi River. The drawbridge will remain closed to navigation from 8 a.m. on December 28, 1998 until 8 a.m. March 1, 1999. This closure is necessary to perform annual maintenance and repair work on the bridge. Winter conditions and Corps of Engineers' lock closures upstream and downstream from the bridge preclude normal waterway traffic.

**DATES:** This temporary rule is effective from 8 a.m. on December 28, 1998 until 8 a.m. on March 1, 1999.

**ADDRESSES:** The public docket and all documents referred to in this notice will be available for inspection and copying at room 2.107f in the Robert A. Young Federal Building at Director, Western Rivers Operations (ob), Eighth Coast Guard District, 1222 Spruce Street, St. Louis, MO 63103–2832, between 7 a.m.

and 4 p.m., Monday through Friday, except Federal holidays.

#### FOR FURTHER INFORMATION CONTACT:

Roger K. Wiebusch, Bridge Administrator; Director, Western Rivers Operations, Eighth Coast Guard District, Bridge Branch, 1222 Spruce Street, St. Louis, MO 63103–2832, telephone 314–539–3900 extension 378.

**SUPPLEMENTARY INFORMATION:** On November 16, 1998, Department of Army, Rock Island District, Corps of Engineers, requested a temporary change to the operation of the Rock Island Railroad and Highway Drawbridge across the Upper Mississippi River, Mile 482.9 at Rock Island, Illinois. The Corps requested that the bridge be temporarily closed to navigation between December 28, 1998 and March 1, 1999 in order to perform necessary maintenance and bridge repair activities.

In accordance with 5 U.S.C. 533, a notice of proposed rulemaking has not been published and good cause exists for making this rule effective in less than 30 days from publication. Following normal rulemaking procedures would be impractical. Delaying implementation of the regulation will not benefit navigation and would result in unnecessary delays in repairing the bridge.

#### Discussion of Regulation

The Rock Island Railroad and Highway Drawbridge has a vertical clearance of 23.8 feet above normal pool in the closed to navigation position. Navigation on the waterway consists of commercial tows and recreational watercraft. Presently the draw opens on signal for passage of river traffic. This temporary drawbridge operation amendment has been coordinated with the commercial waterway operators who do not object. Winter conditions on the Upper Mississippi River coupled with the closure of Corps' Locks No. 11, 12,

19, 20, 24, 25 until 1 March 1999, will preclude any significant navigation demands for drawspan openings. The Rock Island Railroad & Highway Drawbridge is located downstream of Lock 12 and upstream of Lock 19. Performing maintenance on the bridge during the winter when no vessels are impacted is preferred to bridge closures or advance notification requirements during the commercial navigation season.

#### Regulatory Evaluation

This temporary rule is not a significant regulatory action under section 3(f) of Executive Order 12866 and does not require an assessment of potential costs and benefits under section 6(a)(3) of that order. It has been reviewed by the Office of Management and Budget under that order. It is not significant under the regulatory policies and procedures of the Department of Transportation (DOT) (44 FR 11040; February 26, 1979). The Coast Guard expects the economic impact of the rule to be so minimal that a full Regulatory Evaluation under paragraph 10e is unnecessary. This is because river traffic will be extremely limited by lock closures and ice during the period.

#### Small Entities

Under the Regulatory Flexibility Act (5 U.S.C. 6012 *et seq.*), the Coast Guard was required to consider whether this action will have a significant economic impact on a substantial number of small entities. "Small entities" include (1) small businesses and not-for-profit organizations that are independently owned and operated and are not dominant in their fields, and (2) governmental jurisdictions with populations of less than 50,000. Because it expects the impact of this action to be minimal, the Coast Guard certifies under 5 U.S.C. 605(b), that this action