



1 of 33 DOCUMENTS

DEPARTMENT OF THE TREASURY

Internal Revenue Service

AGENCY: Internal Revenue Service, Treasury.

26 CFR Parts 1, 20, 54, 301 and 602

Income, Excise, and Estate and Gift Taxes; Effective Dates and Other Issues Arising
Under the Employee Benefit Provisions of the Tax Reform Act of 1984; Proposed Rule-
making

[EE-96-85]

51 FR 4391

February 4, 1986

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

SUMMARY: In the Rules and Regulations portion of this issue of the Federal Register, the Internal Revenue Service is issuing temporary regulations relating to effective dates and certain other issues arising under the employee benefit provisions of the Tax Reform Act of 1984. The text of those temporary regulations also serves as the comment document for this notice of proposed rulemaking.

DATES:

DATES: Written comments and requests for a public hearing must be delivered or mailed by April 7, 1986. The regulations are proposed to be effective on varying dates provided in the temporary regulations.

ADDRESS: Send comments and requests for a public hearing to Commissioner of Internal Revenue, Attn: CC:LR:T (EE-96-85), 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: John T. Ricotta of the Employee Plans and Exempt Organizations Division, Office of Chief Counsel, Internal Revenue Service, 1111 Constitution Ave., NW., Washington, DC 20224, Attention: CC:LR:T (EE-96-85), telephone: 202-566-3544 (not a toll-free number).

TEXT:

SUPPLEMENTARY INFORMATION:

Background

The temporary regulations provide guidance concerning the economic performance requirement for certain employee benefits under section 461(h) of the Internal Revenue Code of 1954 (Code), as added by section 91 of the Tax Reform Act of 1984 (Act) (Pub. L. 98-369, 98 Stat. 598); the transitional rule for vested accrued vacation pay under section 463 of the Code, as amended by section 91(i) of the Act (Pub. L. 98-369, 98 Stat. 609); the treatment of group-term

life insurance purchased for employees under section 79 of the Code, as amended by section 223 of the Act (Pub. L. 98-369, 98 Stat. 775) the treatment of funded welfare benefit plans under sections 419 and 419A of the Code, as added by section 511 of the Act (Pub. L. 98-369, 98 Stat. 854); the treatment of unfunded deferred benefits under sections 404(b) and 162 of the Code, as amended by section 512 of the Act (Pub. L. 98-369, 98 Stat. 862); additional requirements for tax-exempt status of certain organizations under section 505 of the Code, as added by section 513 of the Act (Pub. L. 98-369, 98 Stat. 863); rollovers of partial distributions under sections 402 and 403 of the Code, as amended by section 522 of the Act (Pub. L. 98-369, 98 Stat. 868); distributions where substantially all contributions are employee contributions under section 72 of the Code, as amended by section 523 of the Act (Pub. L. 98-369, 98 Stat. 871); repeal of the estate tax exclusion for qualified plan benefits under section 2039 of the Code, as amended by section 525 of the Act (Pub. L. 98-369, 98 Stat. 873); determination of whether there is a collective bargaining agreement under section 7701(a)(46) of the Code, as added by section 526(c) of the Act (Pub. L. 98-369, 98 Stat. 881); nonrecognition of gain on stock sold to an employee stock ownership plan (ESOP) under section 1042 of the Code, as added by section 541 of the Act (Pub. L. 98-369, 98 Stat. 887); deductibility of dividends relating to ESOPs under sections 404 and 3405 of the Code, as amended by section 542 of the Act (Pub. L. 98-369, 98 Stat. 890); exclusion of interest on ESOP loans under section 133 of the Code, as added by section 543 of the Act (Pub. L. 98-369, 98 Stat. 894); treatment of an employer and an employee benefit association as related under section 1239 of the Code, as amended by section 557 of the Act (Pub. L. 98-369, 98 Stat. 898); and technical corrections to the pension provisions of the Tax Equity and Fiscal Responsibility Act of 1982 under sections 713 and 715 of the Act (Pub. L. 98-369, 98 Stat. 955, 966). The proposed regulations are issued under the authority contained in section 7805 of the Code (26 U.S.C. 7805). For the text of the temporary regulations, see FR Doc. 86-2172 published in the Rules and Regulations portion of this issue of the Federal Register.

Special Analyses

The Commissioner of Internal Revenue has determined that this proposed rule is not a major rule as defined in Executive Order 12291 and that a Regulatory Impact Analysis is therefore not required. Although this document is a notice of proposed rulemaking which solicits public comment, the Internal Revenue Service has concluded that the regulations proposed herein are interpretative and that the notice and public procedure requirements of 5 U.S.C. 553 do not apply. Accordingly, these proposed regulations do not constitute regulations subject to the Regulatory Flexibility Act (5 U.S.C. Chapter 6).

Comments and Requests for a Public Hearing

Before the adoption of these proposed regulations, consideration will be given to any written comments that are submitted (preferably eight copies) to the Commissioner of Internal Revenue. All comments will be available for public inspection and copying. A public hearing will be held upon written request to the Commissioner by any person who has submitted written comments. If a public hearing is held, notice of the time and place will be published in the Federal Register. The collection of information requirements contained herein have been submitted to the Office of Management and Budget (OMB) for review under section 3504(h) of the Paperwork Reduction Act. Comments on the requirements should be sent to the Office of Information and Regulatory Affairs, of OMB, Attention: Desk Officer for Internal Revenue Service, New Executive Office Building, Washington, D.C. 20503. The Internal Revenue Service requests persons submitting comments to OMB also to send copies of the comments to the Service.

Roscoe L. Egger, Jr.,

Commissioner of Internal Revenue.

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