

not expected to cause any potentially significant environmental impacts, and no extraordinary circumstances exist that warrant preparation of an environmental assessment.

List of Subjects in 14 CFR Part 71

Airspace, Incorporation by reference, Navigation (air).

The Amendment

In consideration of the foregoing, the Federal Aviation Administration

proposes to amend 14 CFR part 71 as follows:

PART 71—DESIGNATION OF CLASS A, B, C, D, AND E AIRSPACE AREAS; AIR TRAFFIC SERVICE ROUTES; AND REPORTING POINTS

1. The authority citation for part 71 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40113, 40120; E.O. 10854, 24 FR 9565, 3 CFR, 1959–1963 Comp., p. 389.

§ 71.1 [Amended]

2. The incorporation by reference in 14 CFR 71.1 of FAA Order 7400.9P, Airspace Designations and Reporting Points, dated September 1, 2006, and effective September 15, 2006, is amended as follows:

Paragraph 6011 Area Navigation Routes.

T-245 Seal Beach, CA (SLI) to SILEX [New]

Table with 2 columns: Facility Name and Coordinates. Rows include Seal Beach (SLI), POPPR, Santa Monica (SMO), and SILEX.

T-247 Seal Beach, CA (SLI) to CANOG [New]

Table with 2 columns: Facility Name and Coordinates. Rows include Seal Beach (SLI), POPPR, Santa Monica (SMO), and CANOG.

T-249 Van Nuys, CA (VNY) to Seal Beach, CA [New]

Table with 2 columns: Facility Name and Coordinates. Rows include Van Nuys (VNY), Santa Monica (SMO), POPPR, and Seal Beach (SLI).

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Issued in Washington, DC, June 28, 2007. Edith V. Parish, Manager, Airspace and Rules Group. [FR Doc. E7-13004 Filed 7-5-07; 8:45 am] BILLING CODE 4910-13-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1 and 301

[TD 9335]

RIN 1545-BG19

Disclosure Requirements With Respect to Prohibited Tax Shelter Transactions

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Temporary regulations.

SUMMARY: This document contains temporary regulations under section 6033(a)(2) of the Internal Revenue Code (Code) that provide rules regarding the form, manner and timing of disclosure obligations with respect to prohibited tax shelter transactions to which tax-exempt entities are parties.

entities, Indian Tribal governments and employee benefit plans, as well as entity managers of these entities. This action is necessary to implement section 516 of the Tax Increase Prevention and Reconciliation Act of 2005. The text of the temporary regulations also serves as the text of the proposed regulations set forth in the Proposed Rules section in this issue of the Federal Register.

DATES: Effective Date: These regulations are effective on July 6, 2007.

Applicability Date: For dates of applicability, see § 1.6033-5T(g).

FOR FURTHER INFORMATION CONTACT: Galina Kolomietz, (202) 622-6070, or Michael Blumenfeld, (202) 622-1124 (not toll-free numbers). For questions specifically relating to qualified pension plans, individual retirement accounts, and similar tax-favored savings arrangements, contact Dana Barry, (202) 622-6060 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The Tax Increase Prevention and Reconciliation Act of 2005, Public Law 109-222 (120 Stat. 345) (TIPRA), enacted on May 17, 2006, defines certain transactions as prohibited tax shelter transactions and imposes excise taxes and disclosure requirements with respect to prohibited tax shelter transactions to which a tax-exempt

entity is a party. TIPRA creates new section 4965 and amends sections 6033(a)(2) and 6011(g) of the Code. The amended section 6033(a)(2) requires every tax-exempt entity to which section 4965 applies that is a party to a prohibited tax shelter transaction to disclose to the IRS (in such form and manner and at such time as determined by the Secretary) the following information: (a) That such entity is a party to the prohibited tax shelter transaction; and (b) the identity of any other party to the transaction which is known to the tax-exempt entity. The amended section 6011(g) requires any taxable party to a prohibited tax shelter transaction to disclose by statement to any tax-exempt entity to which section 4965 applies that is a party to such transaction that such transaction is a prohibited tax shelter transaction.

On July 11, 2006, the IRS released Notice 2006-65 (2006-31 IRB 102), which alerted taxpayers to the new provisions. On February 7, 2007, the IRS released Notice 2007-18 (2007-9 IRB 608), which provided interim guidance regarding the circumstances under which a tax-exempt entity will be treated as a party to a prohibited tax shelter transaction for purposes of sections 4965, 6033(a)(2) and 6011(g) and regarding the allocation to various periods of net income and proceeds

attributable to a prohibited tax shelter transaction, including amounts received prior to the effective date of the section 4965 tax. See § 601.601(d)(2)(ii)(b).

These temporary regulations are being issued concurrently with proposed regulations under sections 4965, 6033(a)(2) and 6011(g) published elsewhere in the **Federal Register**.

#### Explanation of Provisions

These temporary regulations contain rules concerning disclosure requirements imposed by section 6033(a)(2) on tax-exempt entities that are parties to prohibited tax shelter transactions. Proposed regulations providing rules concerning disclosure requirements under section 6033(a)(2) are being issued concurrently with these temporary regulations.

#### Effective Date

These temporary regulations are applicable with respect to transactions entered into by a tax-exempt entity after May 17, 2006.

#### Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 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. For the applicability of the Regulatory Flexibility Act (5 U.S.C. chapter 6), refer to the Special Analyses section of the preamble to the cross-referencing notice of proposed rulemaking published in the Proposed Rules section in this issue of the **Federal Register**. Pursuant to section 7805(f) of the Code, these regulations have been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

#### Drafting Information

The principal authors of these regulations are Galina Kolomietz and Dana Barry, Office of Division Counsel/ Associate Chief Counsel (Tax Exempt and Government Entities). However, other personnel from the IRS and the Treasury Department participated in their development.

#### List of Subjects

##### 26 CFR Part 1

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.

#### Adoption of Amendments to the Regulations

■ Accordingly, 26 CFR parts 1 and 301 are amended as follows:

#### PART 1—INCOME TAXES

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

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

■ **Par. 2.** Section 1.6033–5T is added to read as follows:

#### § 1.6033–5T Disclosure by tax-exempt entities that are parties to certain reportable transactions (temporary).

(a) *In general.* Every tax-exempt entity (as defined in section 4965(c)) shall file with the IRS on Form 8886–T, “Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction” (or a successor form), in accordance with this section and the instructions to the form, a disclosure of—

(1) Such entity’s being a party (as defined in paragraph (b) of this section) to a prohibited tax shelter transaction (as defined in section 4965(e)); and

(2) The identity of any other party (whether taxable or tax-exempt) to such transaction that is known to the tax-exempt entity.

(b) *Definition of tax-exempt party to a prohibited tax shelter transaction—*(1) *In general.* For purposes of section 6033(a)(2), a tax-exempt entity is a party to a prohibited tax shelter transaction if the entity—

(i) Facilitates a prohibited tax shelter transaction by reason of its tax-exempt, tax indifferent or tax-favored status;

(ii) Enters into a listed transaction and the tax-exempt entity’s tax return (whether an original or an amended return) reflects a reduction or elimination of its liability for applicable Federal employment, excise or unrelated business income taxes that is derived directly or indirectly from tax consequences or tax strategy described in the published guidance that lists the transaction; or

(iii) Is identified in published guidance, by type, class or role, as a party to a prohibited tax shelter transaction.

(2) Published guidance may identify which tax-exempt entities, by type, class or role, will not be treated as a party to a prohibited tax shelter transaction for purposes of section 6033(a)(2).

(c) *Frequency of disclosure.* A single disclosure is required for each prohibited tax shelter transaction.

(d) *By whom disclosure is made—*(1) *Tax-exempt entities referred to in section 4965(c)(1), (2) or (3).* In the case of tax-exempt entities referred to in section 4965(c)(1), (2) or (3), the disclosure required by this section must be made by the entity.

(2) *Tax-exempt entities referred to in section 4965(c)(4), (5), (6) or (7).* In the case of tax-exempt entities referred to in section 4965(c)(4), (5), (6) or (7), including a fully self-directed qualified plan, IRA, or other savings arrangement, the disclosure required by this section must be made by the entity manager (as defined in section 4965(d)(2)) of the entity.

(e) *Time and place for filing—*(1) *Tax-exempt entities described in paragraph (b)(1)(i) of this section—*(i) *In general.* The disclosure required by this section shall be filed on or before May 15 of the calendar year following the close of the calendar year during which the tax-exempt entered into the prohibited tax shelter transaction.

(ii) *Subsequently listed transactions.* In the case of subsequently listed transactions (as defined in section 4965(e)(2)), the disclosure required by this section shall be filed on or before May 15 of the calendar year following the close of the calendar year during which the transaction was identified by the Secretary as a listed transaction.

(2) *Tax-exempt entities described in paragraph (b)(1)(ii) of this section.* The disclosure required by this section shall be filed on or before the date on which the first tax return (whether an original or an amended return) is filed which reflects a reduction or elimination of the tax-exempt entity’s liability for applicable Federal employment, excise or unrelated business income taxes that is derived directly or indirectly from tax consequences or tax strategy described in the published guidance that lists the transaction.

(3) *Transition rule.* If a tax-exempt entity entered into a prohibited tax shelter transaction after May 17, 2006 and before January 1, 2007, the disclosure required by this section shall be filed—

(i) In the case of tax-exempt entities described in paragraph (b)(1)(i) of this section, on or before November 5, 2007;

(ii) In the case of tax-exempt entities described in paragraph (b)(1)(ii) of this section, on or before the later of—

(A) November 5, 2007; or

(B) The date on which the first tax return (whether an original or an amended return) is filed which reflects a reduction or elimination of the tax-exempt entity’s liability for applicable Federal employment, excise or unrelated business income taxes that is

derived directly or indirectly from tax consequences or tax strategy described in the published guidance that lists the transaction.

(4) Disclosure is not required with respect to any prohibited tax shelter transaction entered into by a tax-exempt entity on or before May 17, 2006.

(f) *Penalty for failure to provide disclosure statement.* See section 6652(c)(3) for penalties applicable to failure to disclose a prohibited tax shelter transaction in accordance with this section.

(g) *Effective date—(1) Applicability date.* This section applies with respect to transactions entered into by a tax-exempt entity after May 17, 2006.

(2) *Expiration date.* This section will expire on July 6, 2010.

## PART 301—PROCEDURE AND ADMINISTRATION

■ **Par. 3.** The authority citation for part 301 continues to read in part as follows:

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

■ **Par. 4.** Section 301.6033–5T is added to read as follows:

### § 301.6033–5T Disclosure by tax-exempt entities that are parties to certain reportable transactions (temporary).

(a) *In general.* For provisions relating to the requirement of the disclosure by a tax-exempt entity that it is a party to certain reportable transactions, see § 1.6033–5T of this chapter (Income Tax Regulations).

(b) *Effective date—(1) Applicability date.* This section applies with respect to transactions entered into by a tax-exempt entity after May 17, 2006.

(2) *Expiration date.* This section will expire on July 5, 2010.

**Kevin M. Brown,**

*Deputy Commissioner for Services and Enforcement.*

Approved: June 21, 2007.

**Eric Solomon,**

*Assistant Secretary of the Treasury (Tax Policy).*

[FR Doc. E7–12903 Filed 7–5–07; 8:45 am]

**BILLING CODE 4830–01–P**

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Parts 53 and 54

[TD 9334]

RIN 1545–BG20

#### Requirement of Return and Time for Filing

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

**ACTION:** Final and temporary regulations.

**SUMMARY:** This document contains final and temporary regulations providing guidance relating to the requirement of a return to accompany payment of excise taxes under section 4965 of the Internal Revenue Code (Code) and the time for filing that return. These regulations affect a broad array of tax-exempt entities, including charities, state and local government entities, Indian tribal governments and employee benefit plans, as well as entity managers of these entities. This action is necessary to implement section 516 of the Tax Increase Prevention and Reconciliation Act of 2005. The text of the temporary regulations also serves as the text of the proposed regulations set forth in the Proposed Rules section in this issue of the **Federal Register**.

**DATES:** *Effective date.* These regulations are effective on July 6, 2007.

*Applicability date.* For dates of applicability, see §§ 53.6071–1T(g) and 54.6011–1T(c) of these regulations.

**FOR FURTHER INFORMATION CONTACT:** Galina Kolomietz, (202) 622–6070, Michael Blumenfeld, (202) 622–1124, or Dana Barry, (202) 622–6060 (not toll-free numbers).

#### SUPPLEMENTARY INFORMATION:

##### Background

The Tax Increase Prevention and Reconciliation Act of 2005, Public Law 109–222 (120 Stat. 345) (TIPRA), enacted on May 17, 2006, added section 4965 to the Code. Section 4965 affects a broad array of tax-exempt entities as defined in section 4965(c). Tax-exempt entities described in section 4965(c)(1), (2), or (3) (referred to herein as “non-plan entities”) include entities described in section 501(c), religious or apostolic associations or corporations described in section 501(d), entities described in section 170(c), including states, possessions of the United States, the District of Columbia, political subdivisions of states and political subdivisions of possessions of the United States (but not including the

United States), and Indian tribal governments within the meaning of section 7701(a)(40). Tax-exempt entities described in section 4965(c)(4), (c)(5), (c)(6), or (c)(7) (referred to herein as “plan entities”) include tax-favored retirement plans, individual retirement arrangements, and savings arrangements described in section 401(a), 403(a), 403(b), 529, 457(b), 408(a), 220(d), 408(b), 530 or 223(d).

Section 4965 imposes two new excise taxes, one on the tax-exempt entity (the entity-level tax) and the other on certain of the tax-exempt entity’s managers (the manager-level tax). The entity-level tax is imposed on non-plan entities that are parties to prohibited tax shelter transactions. The entity-level tax does not apply to plan entities. Prohibited tax shelter transactions are transactions that are identified by the IRS as “listed transactions” (within the meaning of section 6707A(c)(2)) and reportable transactions that are confidential transactions or transactions with contractual protection (as defined in section 6707A(c)(1) and § 1.6011–4(b) of this chapter).

The entity-level tax applies to each taxable year during which the non-plan entity is a party to a prohibited tax shelter transaction and has net income or proceeds attributable to the transaction which are properly allocable to that taxable year. The amount of the entity-level tax depends on whether the non-plan entity knew or had reason to know that the transaction was a prohibited tax shelter transaction at the time the entity became a party to the transaction. If the non-plan entity did not know (and did not have reason to know) that the transaction was a prohibited tax shelter transaction at the time the entity became a party to the transaction, the tax is the highest rate of tax under section 11 (currently 35 percent) multiplied by the greater of: (i) The entity’s net income with respect to the prohibited tax shelter transaction (after taking into account any tax imposed by Subtitle D, other than by this section, with respect to such transaction) for the taxable year or (ii) 75 percent of the proceeds received by the entity for the taxable year that are attributable to such transaction. If the non-plan entity knew or had reason to know that the transaction was a prohibited tax shelter transaction at the time the entity became a party to the transaction, the tax is the greater of (i) 100 percent of the entity’s net income with respect to the transaction (after taking into account any tax imposed by Subtitle D, other than by this section, with respect to such transaction) for the taxable year or (ii) 75 percent of the