

DEPARTMENT OF THE TREASURY**Internal Revenue Service****26 CFR Part 300**

[TD 9306]

RIN 1545-BF69

User Fees for Processing Installment Agreements**AGENCY:** Internal Revenue Service (IRS), Treasury.**ACTION:** Final regulations.

SUMMARY: This document contains amendments to the regulations relating to user fees for installment agreements. The amendments update the fees to reflect the actual costs of the services provided and create an exception to the increased fee for entering into installment agreements for low-income taxpayers. The amendments affect taxpayers who wish to pay their liabilities through installment agreements.

DATES: *Effective Date:* These regulations are effective on December 28, 2006.

Applicability Date: These regulations apply to installment agreements entered into, restructured, or reinstated on or after January 1, 2007.

FOR FURTHER INFORMATION CONTACT:

Concerning cost methodology, Eva Williams, 202-435-5514; concerning the regulations, William Beard, 202-622-3620 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:**Background**

This document contains amendments to 26 CFR part 300. On August 30, 2006, a notice of proposed rulemaking (REG-148576-05) relating to the user fees charged for processing installment agreements was published in the **Federal Register** (71 FR 51538). The charging of user fees implements the Independent Offices Appropriations Act (IOAA), which is codified at 31 U.S.C. 9701. The notice of proposed rulemaking proposed an increase in the amount of the user fees to reflect the full cost of the service provided, as directed by OMB Circular A-25, 58 FR 38142 (July 15, 1993) (the OMB Circular).

The notice of proposed rulemaking proposed to increase the fee under § 300.1 for entering into an installment agreement from \$43 to \$105 and to increase the fee under § 300.2 for restructuring an installment agreement from \$24 to \$45. The notice of proposed rulemaking also proposed an exception to the full-cost requirement in cases where the taxpayer chooses to pay by way of a direct debit from the taxpayer's

bank account. The OMB Circular allows the Office of Management and Budget to grant a waiver of the full cost requirement and, pursuant to such a waiver, the proposed fee for entering into a direct-debit agreement was \$52 to encourage this type of payment.

No public hearing on the notice of proposed rulemaking was held because no one requested to speak. Eight comments were received. After consideration of all the comments, this Treasury decision adopts the proposed regulations with the following change: the fee for entering into an installment agreement will remain \$43 for low-income taxpayers, that is, taxpayers whose incomes fall at or below 250% of the dollar criteria established by the poverty guidelines updated annually in the **Federal Register** by the U.S. Department of Health and Human Services or such other measure as the Secretary may adopt. The IRS sought and received an additional waiver from OMB to charge less than full cost to low-income taxpayers.

Summary of Comments and Explanation of Revisions

Of the eight comments on the proposed regulations, five stated that the increased fees would have an adverse impact on low-income taxpayers. Other commentators stated that many low-income taxpayers do not have bank accounts and cannot take advantage of the reduced fee for direct-debit installment agreements. To accommodate these concerns, the final regulations except low-income taxpayers from the increase of the fee for entering into an installment agreement. Therefore the fee for entering into an installment agreement remains \$43 for low-income taxpayers, that is, taxpayers whose income fall at or below 250% of the dollar poverty criteria established by the U.S. Department of Health and Human Services. The exception does not apply to the fee for restructuring or reinstating an installment agreement.

Other commentators recommended that the installment agreement user fee be reduced for any taxpayer who requests an agreement on-line (over the internet). Under the IOAA, user fees should be fair and based on the costs to the government, the value of the service to the recipient, and the public policy or interest served. No exception was created for installment agreements requested on-line because the benefit of the installment agreement program to the taxpayer does not change depending on the how the installment agreement is requested, the convenience of on-line requests provides ample incentive for this type of application for taxpayers

who have internet access, and taxpayers who do not have internet access could not take advantage of the lower fee. The IRS intends to consider a cost methodology for installment agreement user fees that reflects cost differences attributable to various types of installment agreements, as well as whether additional exceptions to full cost are warranted.

Special Analyses

It has been determined that this notice of rulemaking is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It is hereby certified that these regulations will not have a significant economic impact on a substantial number of small entities. Accordingly, a regulatory flexibility analysis is not required. This certification is based on the information that follows. The economic impact of these regulations on any small entity would result from the entity being required to pay a fee prescribed by these regulations in order to obtain a particular service. The dollar amount of the fee is not, however, substantial enough to have a significant economic impact on any entity subject to the fee. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking preceding this regulation was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Although the Administrative Procedures Act prescribes a thirty-day waiting period between the date of publication in the **Federal Register** and the applicability date, this regulation is being made applicable after a shorter period under the authority provided by section 7805(b)(1)(B).

Drafting Information

The principal author of these regulations is William Beard, Office of Associate Chief Counsel (Procedure and Administration), Collection, Bankruptcy and Summonses Division.

Lists of Subjects in 26 CFR Part 300

Reporting and recordkeeping requirements, User fees.

Adoption of Amendments to the Regulations

■ Accordingly, 26 CFR part 300 is amended as follows:

PART 300—USER FEES

■ **Paragraph 1.** The authority citation for part 300 continues to read as follows:

Authority: 31 U.S.C. 9701.

■ **Par. 2.** Section 300.0 is amended by revising paragraph (c) to read as follows:

§ 300.0 User fees; in general.

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(c) *Effective date.* This part 300 is applicable March 16, 1995, except that the user fee for processing offers in compromise is applicable November 1, 2003; the user fee for the special enrollment examination, enrollment, and renewal of enrollment for enrolled agents is applicable November 6, 2006; the user fee for entering into installment agreements on or after January 1, 2007, is applicable January 1, 2007; and the user fee for restructuring or reinstatement of an installment agreement on or after January 1, 2007, is applicable January 1, 2007.

■ **Par. 3.** Section 300.1 is amended by revising paragraph (b) to read as follows:

§ 300.1 Installment agreement fee.

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(b) *Fee.* The fee for entering into an installment agreement before January 1, 2007, is \$43. The fee for entering into an installment agreement on or after January 1, 2007, is \$105, except that:

(1) The fee is \$52 when the taxpayer pays by way of a direct debit from the taxpayer's bank account; and

(2) Notwithstanding the method of payment, the fee is \$43 if the taxpayer is a low-income taxpayer, that is, an individual who falls at or below 250% of the dollar criteria established by the poverty guidelines updated annually in the **Federal Register** by the U.S. Department of Health and Human Services under authority of section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (95 Stat. 357, 511), or such other measure that is adopted by the Secretary.

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■ **Par. 4.** Section 300.2 is amended by revising paragraph (b) to read as follows:

§ 300.2 Restructuring or reinstatement of installment agreement fee.

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(b) *Fee.* The fee for restructuring or reinstating an installment agreement before January 1, 2007, is \$24. The fee for restructuring or reinstating an

installment agreement on or after January 1, 2007, is \$45.

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Kevin M. Brown,

Acting Deputy Commissioner for Services and Enforcement.

Approved: December 21, 2006.

Eric Solomon,

Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. E6-22257 Filed 12-27-06; 8:45 am]

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DEPARTMENT OF EDUCATION

34 CFR Parts 674, 682 and 685

RIN 1840-AC88

Federal Perkins Loan Program, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Program

AGENCY: Office of Postsecondary Education, Department of Education.

ACTION: Interim final regulations, request for comments.

SUMMARY: The Secretary is amending the Federal Perkins Loan (Perkins Loan) Program, Federal Family Education Loan (FFEL) Program, and William D. Ford Federal Direct Loan (Direct Loan) Program regulations to implement the changes to the Higher Education Act of 1965, as amended (HEA), resulting from the enactment of the Third Higher Education Extension Act of 2006 (THEEA), Public Law 109-292. These interim final regulations reflect the provisions of the THEEA that authorize the discharge of the outstanding balance of certain Perkins, FFEL, and Direct Loan Program loans for survivors of eligible public servants and other eligible victims of the September 11, 2001, terrorist attacks.

DATES: *Effective Date:* These interim final regulations are effective January 29, 2007.

Comment date: The Department must receive any comments on or before January 29, 2007.

Information collection compliance date: Affected parties do not have to comply with the information collection requirements in §§ 674.64, 682.407, and 685.218 until the Department publishes in the **Federal Register** the control numbers assigned by the Office of Management and Budget (OMB) to these information collection requirements. Publication of the control numbers notifies the public that OMB has approved these information collection requirements under the Paperwork Reduction Act of 1995.

ADDRESSES: Address all comments about these interim final regulations to Mr. Brian Smith, U.S. Department of Education, 1990 K Street, NW., 8th Floor, Washington, DC 20006. Telephone: (202) 502-7551 or via the Internet at: *Brian.Smith@ed.gov*.

If you prefer to deliver your comments by hand or by using a courier service or commercial carrier, address your comments to: Mr. Brian Smith, 1990 K Street, NW., room 8082, Washington, DC 20006-8542.

If you prefer to send your comments through the Internet, you may address them to us at:

DischargeComments@ed.gov. Or you may send them to us at the U.S. Government Web site: *http://www.regulations.gov*. You must include the term "Discharge Interim Final Comments" in the subject line of your electronic message.

FOR FURTHER INFORMATION CONTACT: For provisions related to the FFEL and Federal Perkins Loan Programs: Mr. Brian Smith, U.S. Department of Education, 1990 K Street, NW., 8th Floor, Washington, DC 20006. Telephone: (202) 502-7551 or via the Internet at: *Brian.Smith@ed.gov*.

For provisions related to the Federal Direct Loan Program: Mr. Jon Utz, U.S. Department of Education, Union Center Plaza, 830 First Street, NE., Washington, DC 20202-5345. Telephone: (202) 377-4008 or via the Internet at: *Jon.Utz@ed.gov*.

If you use a telecommunications device for the deaf (TDD), you may call the Federal Relay Service (FRS) at 1-800-877-8339.

Individuals with disabilities may obtain this document in an alternative format (e.g., Braille, large print, audiotape, or computer diskette) on request to the contact person listed under **FOR FURTHER INFORMATION CONTACT**.

SUPPLEMENTARY INFORMATION: On September 30, 2006, Congress enacted the THEEA, Public Law 109-292. The changes made by the THEEA include:

- Restrictions on the use of eligible lender trustees by higher education institutions that make FFEL Loans. Under the THEEA, as of January 1, 2007, the FFEL lending activities of institutions of higher education and organizations affiliated with institutions of higher education through eligible lender trustee arrangements will be subject to certain restrictions that apply to institutions of higher education acting as lenders directly in the FFEL Program;
- New discharge provisions for Title IV, HEA student loans for the survivors