

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9461]

RIN 1545-BH99

Information Reporting for Discharges of Indebtedness

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations and removal of temporary regulations.

SUMMARY: This document contains final regulations relating to information returns for cancellation of indebtedness by certain entities under section 6050P of the Internal Revenue Code. The final regulations will avoid premature information reporting from certain businesses and will reduce the number of information returns required to be filed. The final regulations will impact certain businesses required to file information returns under the existing regulations.

DATES: *Effective Date:* These regulations are effective on September 17, 2009.

Applicability Date: For dates of applicability, see § 1.6050P-1(h).

FOR FURTHER INFORMATION CONTACT: Barbara Pettoni at (202) 622-4910 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to the Income Tax Regulations (26 CFR part 1) under section 6050P relating to information reporting for cancellation of indebtedness by certain entities. In general, section 6050P requires certain entities to file information returns with the IRS, and to furnish information statements to debtors, reporting discharges of indebtedness of \$600 or more. The amendments in this document will avoid premature reporting of cancellation of indebtedness income by reducing the information reporting burden on certain entities that were not originally within the scope of section 6050P. The amendments will also protect debtors from receiving information returns that prematurely report cancellation of indebtedness income from such entities.

Final and temporary regulations (TD 9430) were published in the **Federal Register** (73 FR 66539) on November 10, 2008. On the same date, a notice of proposed rulemaking (REG-118327-08) cross-referencing to temporary regulations was published in the **Federal Register** (73 FR 66568). A

correction to final and temporary regulations (73 FR 75326) and a correcting amendment (73 FR 75326) to the regulations were published in the **Federal Register** on December 11, 2008. Only one commenter responded to the proposed regulations, presenting oral comments at a public hearing on the proposed regulations at the IRS on March 13, 2009, as well as written comments. After considering these oral and written comments, the IRS and the Treasury Department are adopting the proposed regulations without change and removing the corresponding temporary regulations.

Explanation of Comments

The sole commenter agrees with the amendments in the proposed regulations to reduce the information reporting burden on certain entities that were not originally within the scope of section 6050P and thereby avoid premature reporting of cancellation of indebtedness income. The commenter, however, requested additional guidance on several other areas addressed in the existing regulations under section 6050P including: (1) The meaning of “stated principal” as used in § 1.6050P-1(c) and (d)(3) when applied to transactions involving entities that acquire a loan from another person; (2) what information, if any, must be provided to a debtor prior to filing Form 1099-C, “Cancellation of Debt”; (3) what constitutes significant bona fide collection activity under § 1.6050P-1(b)(2)(iv)(A); and (4) how to report the discharge of a debt that has been reduced to judgment. These other areas are beyond the scope of the proposed regulations and are therefore not addressed in these final regulations. The Treasury Department and the IRS will consider the concerns raised in these comments in determining whether to issue additional guidance under section 6050P.

No revisions were made to the proposed and temporary regulations or the corrections to those regulations. Accordingly, this Treasury decision adopts the proposed regulations without substantive change and removes the corresponding temporary regulations.

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 also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulation does not impose a collection

of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. 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.

Drafting Information

The principal author of these regulations is Barbara Pettoni, Office of Associate Chief Counsel (Procedure and Administration).

List of Subjects in 26 CFR Part 1

Income tax, Reporting and recordkeeping requirements.

Adoption of Amendments to the Regulations

■ Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

■ **Paragraph 1.** The authority citation for part 1 is amended by removing the entry for § 1.6050P-1T to read in part as follows:

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

■ **Par. 2.** Section 1.6050P-0 is amended as follows:

- 1. The introductory text is revised.
- 2. The entry for § 1.6050P-1(b)(2)(v) is added.
- 3. The entry for § 1.6050P-1T is removed.

The revisions and addition read as follows:

§ 1.6050P-0 Table of contents.

This section lists the major captions that appear in §§ 1.6050P-1 and 1.6050P-2.

§ 1.6050P-1 Information reporting for discharges of indebtedness by certain entities.

* * * * *

(b) * * *

(2) * * *

(v) Special rule for certain entities required to file in a year prior to 2008.

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Par. 3. Section 1.6050P-1 is amended by revising paragraphs (b)(2)(i)(H), (b)(2)(v) and (h)(1) to read as follows:

§ 1.6050P-1 Information reporting for discharges of indebtedness by certain entities.

* * * * *

(b) * * *

(2) * * *

(i) * * *

(H) In the case of an entity described in section 6050P(c)(2)(A) through (C),

the expiration of the non-payment testing period, as described in § 1.6050P-1(b)(2)(iv).

* * * * *

(v) *Special rule for certain entities required to file in a year prior to 2008.* In the case of an entity described in section 6050P(c)(1)(A) or (c)(2)(D) required to file an information return in a tax year prior to 2008 due to an identifiable event described in paragraph (b)(2)(i)(H) of this section, and who failed to so file, the date of discharge is the first event, if any, described in paragraphs (b)(2)(i)(A) through (G) of this section that occurs after 2007.

* * * * *

(h) * * *

(1) *In general.* The rules in this section apply to discharges of indebtedness after December 21, 1996, except paragraphs (e)(1) and (e)(3) of this section, which apply to discharges of indebtedness after December 31, 1994, except paragraph (e)(5) of this section, which applies to discharges of indebtedness occurring after December 31, 2004, and except paragraphs (b)(2)(i)(H) and (b)(2)(v) of this section, which apply to discharges of indebtedness occurring after November 10, 2008.

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■ **Par. 4.** Section 1.6050P-1T is removed.

Approved: August 28, 2009.

Linda E. Stiff,

Deputy Commissioner for Services and Enforcement.

Michael F. Mundaca,

Acting Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. E9-22354 Filed 9-16-09; 8:45 am]

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DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[USCG-2009-0782]

RIN 1625-AA00

Safety Zone, Chicago Harbor, Navy Pier Southeast, Chicago, IL

AGENCY: Coast Guard, DHS.

ACTION: Notice of enforcement of regulation.

SUMMARY: The Coast Guard will enforce the Navy Pier Southeast Safety Zone in Chicago Harbor from September 2, 2009, through September 26, 2009. This action

is necessary and intended to ensure safety of life on the navigable waters immediately prior to, during, and immediately after fireworks events. This rule will establish restrictions upon and control movement of vessels in the specified area immediately prior to, during, and immediately after the fireworks events. During the enforcement period, no person or vessel may enter the safety zone without permission of the Captain of the Port Lake Michigan.

DATES: The regulations in 33 CFR 165.931 will be enforced during the times listed in the **SUPPLEMENTARY INFORMATION** from September 2, 2009, to September 26, 2009.

FOR FURTHER INFORMATION CONTACT: If you have questions on this notice, call or e-mail BM1 Adam Kraft, Prevention Department, Coast Guard Sector Lake Michigan, Milwaukee, WI; telephone 414-747-7154, e-mail Adam.D.Kraft@uscg.mil.

SUPPLEMENTARY INFORMATION: The Coast Guard will enforce the Safety Zone, Chicago Harbor, Navy Pier Southeast, Chicago, IL, as listed in 33 CFR 165.931, for the following events, dates, and times:

(1) *Navy Pier Wednesday Fireworks:* On September 2, 2009, from 9:15 p.m. through 9:45 p.m.; on September 16, 2009, from 9 p.m. through 9:30 p.m.;

(2) *Navy Pier Friday Fireworks:* On September 18, 2009, from 8:45 p.m. through 9:20 p.m.; on September 25, 2009, from 8:45 p.m. through 9:20 p.m.;

(3) *Navy Pier Saturday Fireworks:* On September 5, 2009, from 10 p.m. through 10:40 p.m.; on September 19, 2009, from 8:45 p.m. through 9:20 p.m.; on September 26, 2009, from 8:45 p.m. through 9:20 p.m.; and

(4) *Navy Pier Sunday Fireworks:* On September 6, 2009, from 9:15 p.m. through 9:45 p.m.

All vessels must obtain permission from the Captain of the Port or a designated representative to enter, move within, or exit the safety zone. Vessels and persons granted permission to enter the safety zone shall obey all lawful orders or directions of the Captain of the Port or the designated representative. While within a safety zone, all vessels shall operate at the minimum speed necessary to maintain a safe course.

This notice is issued under authority of 33 CFR 165.931 Safety Zone, Chicago Harbor, Navy Pier Southeast, Chicago, IL, and 5 U.S.C. 552(a). In addition to this notice in the **Federal Register**, the Coast Guard will provide the maritime community with advance notification of these enforcement periods via broadcast Notice to Mariners or Local Notice to

Mariners. The Captain of the Port will issue a Broadcast Notice to Mariners notifying the public when enforcement of the safety zone established by this section is suspended. If the Captain of the Port determines that the safety zone need not be enforced for the full duration stated in this notice, he or she may use a Broadcast Notice to Mariners to grant general permission to enter the safety zone. The Captain of the Port or the designated representative may be contacted via VHF-FM Channel 16.

Dated: August 26, 2009.

L. Barndt,

Captain, U.S. Coast Guard, Captain of the Port Lake Michigan.

[FR Doc. E9-22359 Filed 9-16-09; 8:45 am]

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DEPARTMENT OF HOMELAND SECURITY

Coast Guard

46 CFR Parts 12 and 15

[USCG-2007-27761]

RIN 1625-AB16

Large Passenger Vessel Crew Requirements

AGENCY: Coast Guard, DHS.

ACTION: Final rule.

SUMMARY: This rule finalizes, with minor non-substantive changes, the amendments to Coast Guard regulations on merchant mariner documentation which were published as an interim rule with request for comments on April 24, 2007. These amendments implement section 3509 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Warner Act), which allows for the issuance of merchant mariner's documents (MMDs), (which have since been consolidated by the Coast Guard into merchant mariner credentials (MMCs)), to certain non-resident aliens for service in the steward's departments of U.S. flag large passenger vessels endorsed for coastwise trade. Prior to publication of the interim rule, the regulations prohibited the Coast Guard from issuing MMDs, which are required for service on large passenger vessels, to non-resident aliens. Specifically, this rule finalizes the amendments to Coast Guard regulations allowing the Coast Guard to issue MMCs to qualified non-resident aliens who are authorized to be employed in the United States, the amendments setting the requirements these aliens must meet in order to qualify for MMCs, and the requirements