(D) The Agency corrects the administrative error or omission no later than one year after the building(s) were placed in service by the affected taxpayer; and

(E) The Agency corrects the administrative error or omission by following the procedures described in paragraph (b)(3)(vii) of this section.

(vii) *How Agency corrects errors or omissions subject to automatic approval.* An Agency corrects an administrative error or omission described in paragraph (b)(3)(vi) of this section by—

(A) Amending the allocation document described in paragraph (b)(3)(vi)(B) of this section to correct the administrative error or omission. The Agency will indicate on the amended allocation document that it is making the ''correction under § 1.42–13(b)(3)(vii)''. If correcting the allocation document requires including any additional B.I.N.(s) in the document, the document must include any B.I.N.(s) already existing for the buildings. If possible, the additional B.I.N.(s) should be sequentially numbered from the existing B.I.N.(s);

(B) Amending, if applicable, the form to be prescribed by the Service that summarizes the allocation document (see § 1.42–6 (d)(4)(ii)) and attaching a copy of this form to an amended Form 8610, ''Annual Low-Income Housing Credit Agencies Report,'' for the year the allocation was made. The Agency will indicate on the forms that it is making the ''correction under § 1.42–13(b)(3)(vii)'';

(C) Amending, if applicable, the Form 8609 and attaching the original of this amended form to an amended Form 8610 for either the year the allocation was made or the year the building was placed in service by the affected taxpayer. The Agency will indicate on the forms that it is making the ''correction under § 1.42–13(b)(3)(vii)'';

(D) Filing the amended Form 8610 with the Service. When completing the amended Form 8610, the Agency should follow the specific instructions for the Form 8610 under the heading ''Amended Report''; and

(E) Mailing a copy of any amended allocation document and any amended Form 8609 to the affected taxpayer.

(viii) *Other approval procedures.* The Secretary may grant automatic approval to correct other administrative errors or omissions as designated in one or more documents published either in the **Federal Register** or in the Internal Revenue Bulletin (see § 601.601(d)(2) of this chapter).

* * * * *

(d) * * * Paragraphs (b)(3)(vi), (vii), and (viii) of this section are effective on the date the final regulations are published in the **Federal Register**.

Par. 7. Section 1.42–17 is added to read as follows:

§ 1.42–17 Qualified Allocation Plan.

(a) *Requirements*—(1) *In general.* [Reserved]

(2) *Selection criteria.* [Reserved]

(3) *Agency evaluation.* Section 42(m)(2)(A) requires that the housing credit dollar amount allocated to a project should not exceed the amount the Agency determines is necessary for the financial feasibility of the project and its viability as a qualified low-income housing project throughout the credit period. In making this determination, the Agency must consider—

(i) The sources and uses of funds and the total financing planned for the project. The taxpayer must certify to the Agency the full extent of all federal, state, and local subsidies that apply (or which the taxpayer expects to apply) to the project. The taxpayer must also certify to the Agency all other sources of funds and all development costs for the project. The taxpayer's certification should be sufficiently detailed to enable the Agency to ascertain the nature of the costs that will comprise the total financing package, including subsidies and the anticipated syndication or placement proceeds to be raised. Development cost information, whether or not includible in eligible basis under section 42(d), that should be provided to the Agency includes, but is not limited to, site acquisition costs, construction contingency, general contractor's overhead and profit, architect and engineer's fees, permit and survey fees, insurance premiums, real estate taxes during construction, title and recording fees, construction period interest, financing fees, organizational costs, rent-up and marketing costs, accounting and auditing costs, working capital and operating deficit reserves, syndication and legal fees, developer fees, and other costs;

(ii) Any proceeds or receipts expected to be generated by reason of tax benefits;

(iii) The percentage of the housing credit dollar amount used for project costs other than the costs of intermediaries. This requirement should not be applied so as to impede the development of projects in hard-to-develop areas under section 42(d)(5)(C); and

(iv) The reasonableness of the developmental and operational costs of the project.

(4) *Timing of Agency evaluation.* The financial determinations and certifications required under paragraph (a)(3) of this section must be made at each of the following times:

(i) The time of the application for the housing credit dollar amount.

(ii) The time of the allocation of the housing credit dollar amount.

(iii) The date the building is placed in service.

(iv) After the building is placed in service, and before the Agency issues the Form 8609, ''Low-Income Housing Credit Allocation Certification.''

(5) *Special rule for final determinations and certifications.* For the Agency's evaluation under paragraph (a)(4)(iv) of this section, the taxpayer must obtain an opinion by a certified public accountant, based upon the accountant's audit or examination, on the financial determinations and certifications in paragraphs (a)(3)(i) through (iii) of this section, including the costs that may qualify for inclusion in eligible basis under section 42(d) and amount of the credit under section 42.

(6) *Bond financed projects.* A project qualifying under section 42(h)(4) is not entitled to any credit unless the governmental unit that issued the bonds (or on behalf of which the bonds were issued), or the Agency responsible for issuing the Form(s) 8609 to the project, makes determinations under rules similar to the rules in paragraphs (a)(3), (4), and (5) of this section.

(b) *Effective date.* This section is effective on the date final regulations are published in the **Federal Register**.

Robert E. Wenzel,

Deputy Commissioner of Internal Revenue.

[FR Doc. 99–174 Filed 1–7–99; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1 and 301

[REG–102023–98]

RIN 1545–AW14

Partnership Returns Required on Magnetic Media; Hearing Cancellation

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Cancellation of notice of public hearing on proposed rulemaking.

SUMMARY: This document provides notice of cancellation of a public hearing on proposed regulations that relate to the requirements for filing partnership returns on magnetic media.

DATES: The public hearing originally scheduled for Wednesday, January 13, 1999, at 10 a.m., is cancelled.

FOR FURTHER INFORMATION CONTACT: Michael L. Slaughter of the Regulations Unit, Assistant Chief Counsel (Corporate), (202) 622–7180 (not a toll-free number).

SUPPLEMENTARY INFORMATION: A notice of proposed rulemaking and notice of public hearing that appeared in the **Federal Register** on Friday, October 23, 1998 (63 FR 56878), announced that a public hearing was scheduled for Wednesday, January 13, 1999, at 10 a.m., in room 2615, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC. The subject of the public hearing is proposed regulations under section 6011(e) of the Internal Revenue Code. The request to speak comment period for these proposed regulations expired on Wednesday, December 23, 1998.

The notice of proposed rulemaking and notice of public hearing, instructed those interested in testifying at the public hearing to submit a request to speak and an outline of the topics to be addressed. As of January 4, 1999, no one has requested to speak. Therefore, the public hearing scheduled for Wednesday, January 13, 1999, is cancelled.

Michael L. Slaughter,

Acting Chief, Regulations Unit, Assistant Chief Counsel (Corporate).

[FR Doc. 99–408 Filed 1–7–99; 8:45 am]

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DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Chapter II

RIN 1505–AA74

Possible Regulation Regarding Access to Accounts at Financial Institutions Through Payment Service Providers

AGENCY: Fiscal Service, Treasury.

ACTION: Advance Notice of Proposed Rulemaking (ANPRM).

SUMMARY: The Debt Collection Improvement Act of 1996 (the ''Act'') requires that, subject to waiver, all federal payments (other than tax payments) made after January 1, 1999 shall be made by electronic funds transfer (''EFT''). It also mandates that the Secretary of the Treasury (''Treasury'') ensure that individuals required by the Act to receive their payments electronically have an account at a financial institution, with access to such an account at a reasonable cost and with the same consumer protections with respect to the account as other account holders at the same institution. Treasury has issued a rule implementing the Act. Treasury is also designing an electronic transfer account (''ETA SM'') for which any individual who receives a federal benefit, wage, salary, or retirement payment shall be eligible, and that may be offered by any federally-insured financial institution that enters into an ETA SM Financial Agency Agreement with Treasury; Treasury has asked for public comment on the proposed ETA SM.

Separately, certain financial institutions have entered into arrangements with nondepository payment service providers, such as check cashers, currency dealers and exchangers, and money transmitters, whereby recipients of electronic federal payments deposited into a non-ETA SM account at the financial institution may gain access to these payments through payment service providers. These service providers are not themselves eligible to maintain deposit accounts or to receive electronic deposits directly from the government. Treasury is seeking comment on whether it should propose regulations regarding these arrangements, and if so, what the content of such regulations should be.

DATES: Written comments are encouraged and must be received on or before April 8, 1999.

ADDRESSES: Comments should be mailed to the Office of the Fiscal Assistant Secretary, U.S. Department of the Treasury, Room 2112, 1500 Pennsylvania Avenue, N.W., Washington, D.C. 20220. Comments received on this ANPRM will be available for public inspection and copying at the Department of the Treasury Library, Room 5030, 1500 Pennsylvania Avenue, N.W., Washington, D.C. 20220. To make an appointment to inspect comments, please call (202) 622–0990.

FOR FURTHER INFORMATION CONTACT: Roger Bezdek, Senior Advisor for Fiscal Management, Office of the Fiscal Assistant Secretary, at (202) 622–1807; or Gary Sutton, Senior Counsel, Office of the General Counsel, at (202) 622–0480.

SUPPLEMENTARY INFORMATION:

I. Background

Section 31001(x) of the Act requires that all federal payments [1] made after January 1, 1999 be made by EFT, unless Treasury grants a waiver. The Act further mandates that Treasury ensure that all individuals required by the Act to receive their payments electronically have an account at a financial institution, with access to such an account at a reasonable cost and with the same consumer protections with respect to the account as other account holders at the same institution. Treasury's final rule implementing this mandate, 31 CFR Part 208 (''Part 208''), provides that any individual who receives a federal benefit, wage, salary, or retirement payment shall be eligible to open an ETA SM, and that the ETA SM may be offered by any federally-insured financial institution that enters into an ETA SM Financial Agency Agreement with Treasury.[2]

At this time, more than two-thirds of federal payment recipients receive their payments electronically, primarily by Direct Deposit.[3] However, there are millions of recipients of federal payments that do not have an account at a financial institution and are therefore not positioned to receive their payments by Direct Deposit. Treasury is designing the ETA SM primarily to afford these recipients a safe, reliable, and economical means of accessing their federal electronic payments in compliance with the requirements of the Act. Treasury recently published a notice and request for comment regarding the proposed ETA SM (''ETA SM Notice'').[4] As is more fully described in the ETA SM Notice, the proposed ETA SM will:

- Be an individually owned account at a federally-insured financial institution,
- Be available to any individual who receives a federal benefit, wage, salary, or retirement Payment, regardless of whether the individual already has an account at a financial institution,
- Accept only federal electronic payments,

[1] The Act defines ''federal payments'' to include federal wage, salary, retirement, and benefit payments and vendor and expense reimbursement payments. Payments under the Internal Revenue Code of 1986 are excluded. 31 U.S.C. § 3332(j)(3) (Supp. 1998)

[2] 63 FR 51490 (Sept. 25, 1998). Part 208 generally defines ''financial institution'' as any ''insured bank,'' ''mutual savings bank,'' ''savings bank,'' or ''savings association,'' as each term is defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813), any ''insured credit union'' as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752), or any agency or branch of a foreign bank as defined in section 1(b) of the International Banking Act, as amended (12 U.S.C. 3101). 31 CFR § 208.2(k).

[3] Direct Deposit is the EFT payment mechanism by which federal payments are sent through the Automated Clearing House (ACH) system to an account at a financial institution established by the recipient. 31 CFR Part 210.

[4] 63 FR 64820 (Nov. 23, 1998).