

**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**26 CFR Part 1**

[TD 9353]

RIN 1545-BC67

**Section 1045 Application to Partnerships; Correction**

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

**ACTION:** Correcting amendments.

**SUMMARY:** This document contains corrections to final regulations (TD 9353) that were published in the **Federal Register** on Tuesday, August 14, 2007 (72 FR 45346) relating to the application of section 1045 of the Internal Revenue Code to partnerships and their partners.

**DATES:** This correction is effective October 10, 2007.

**FOR FURTHER INFORMATION CONTACT:** Jian H. Grant at (202) 622-3050 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

The final regulations that are the subject of this correction are under section 1045 of the Internal Revenue Code.

**Need for Correction**

As published, final regulations (TD 9353) contain errors that may prove to be misleading and are in need of clarification.

**List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

**Correction of Publication**

■ Accordingly, 26 CFR part 1 is corrected by making the following amendments:

**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 1.1045-1 is amended by revising the last sentence of paragraph (c)(1)(i), the subtitle of paragraph (c)(2)(i), the first five sentences of paragraph (h)(3)(i) *Example 3.(i)*, the fourth sentence of (h)(3)(i) *Example 5.(v)*, and the first sentence of (h)(3)(i) *Example 12.(ii)* to read as follows:

**§ 1.1045-1 Application to partnerships.**

\* \* \* \* \*

(c) \* \* \*  
 (1) \* \* \*  
 (i) \* \* \* A taxpayer other than a C corporation that sells QSB stock held for more than 6 months at the time of the sale may elect in accordance with paragraph (h) of this section to apply section 1045 if replacement QSB stock is purchased by a purchasing partnership (including a selling partnership).

\* \* \* \* \*

(2) \* \* \*  
 (i) *General rule.*

\* \* \* \* \*

(h) \* \* \*

(3) \* \* \*

(i) \* \* \*

*Example 3.* \* \* \*

(i) On January 1, 2008, A, an individual, and B, an individual, each contribute \$500 to UTP (upper-tier partnership) for equal partnership interests. On February 1, 2008, UTP and C, an individual, each contribute \$1,000 to LTP (lower-tier partnership) for equal partnership interests. On March 1, 2008, LTP purchases QSB stock for \$500. On April 1, 2008, D, an individual, joins UTP by contributing \$500 to UTP for a 1/3 interest in UTP. On December 1, 2008, LTP sells the QSB stock for \$2,000. \* \* \*

\* \* \* \* \*

*Example 5.* \* \* \*

(v) \* \* \* In accordance with the principles of § 1.743-1(j)(3), the amount of A's gain from the March 30, 2009, sale of replacement QSB1 stock in which A has a \$200 negative basis adjustment equals \$300 (A's share of PRS' gain from the sale of replacement QSB1 stock (\$100), increased by the amount of A's negative basis adjustment for replacement QSB1 stock (\$200)). \* \* \*

\* \* \* \* \*

*Example 12.* \* \* \*

(ii) Because A purchased within 60 days of PRS' sale of the QSB stock, replacement QSB stock for a cost equal to A's share of the partnership's amount realized on the sale of the QSB stock, and because A made a valid election to apply section 1045 with respect to A's share of the gain from PRS' sale of the QSB stock, A does not recognize A's \$100 distributive share of the gain from PRS' sale of the QSB stock. \* \* \*

\* \* \* \* \*

**LaNita Van Dyke,**

*Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel (Procedure and Administration).*

[FR Doc. E7-19869 Filed 10-9-07; 8:45 am]

**BILLING CODE 4830-01-P**

**DEPARTMENT OF HOMELAND SECURITY**

**Coast Guard**

**33 CFR Part 117**

[CGD01-07-136]

**Drawbridge Operation Regulations; Kennebec River, Bath and Woolwich, ME**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Notice of temporary deviation from regulations.

**SUMMARY:** The Commander, First Coast Guard District, has issued a temporary deviation from the regulation governing the operation of the Carlton Bridge across the Kennebec River at mile 14.0, between Bath and Woolwich, Maine. Under this temporary deviation the Carlton Bridge may remain in the closed position from 6:30 a.m. to 6:30 p.m. for seven days; October 1, 2, 8, 9, 15, 16, and 22, 2007, to facilitate bridge painting operations. Vessels that can pass under the draw without a bridge opening may do so at all times. This deviation is necessary to facilitate bridge painting.

**DATES:** This deviation is effective from October 1, 2007 through October 22, 2007.

**ADDRESSES:** Materials referred to in this document are available for inspection or copying at the First Coast Guard District, Bridge Branch Office, 408 Atlantic Avenue, Boston, Massachusetts 02110, between 7 a.m. and 3 p.m., Monday through Friday, except Federal holidays. The telephone number is (617) 223-8364. The First Coast Guard District Bridge Branch Office maintains the public docket for this temporary deviation.

**FOR FURTHER INFORMATION CONTACT:** John McDonald, Project Officer, First Coast Guard District, at (617) 223-8364.

**SUPPLEMENTARY INFORMATION:** The Carlton Bridge, across the Kennebec River, mile 14.0, between Bath and Woolwich, Maine, has a vertical clearance in the closed position of 10 feet at mean high water and 16 feet at mean low water. The existing drawbridge operation regulations are listed at 33 CFR 117.525.

The owner of the bridge, Maine Department of Transportation, requested a temporary deviation to facilitate bridge painting operations at the Carlton Bridge.

The bridge painting will be performed on the lift span end sections which requires the lift span to be raised up 6 feet and locked in that position in order

to install paint containment, sandblast the metal, and paint the bridge span ends.

This work must be performed before the ambient air temperature becomes too cold for outdoor painting.

Historically, there were thirteen requests to open the Carlton Bridge in September 2006, and eleven requests to open in October 2006. Those totals were for the entire month.

The requested bridge closure dates to complete the bridge painting at the bridge for 2007, will all be on Monday and Tuesday when recreational boating activity is very low.

Under this temporary deviation the Carlton Bridge need not open for the passage of vessel traffic between 6:30 a.m. and 6:30 p.m.; October 1, 2, 8, 9, 15, 16, and 22, 2007. Vessels that can pass under the bridge without a bridge opening may do so at all times.

In accordance with 33 CFR 117.35(e), the bridge must return to its regular operating schedule immediately at the end of the designated time period. This deviation from the operating regulations is authorized under 33 CFR 117.35.

Should the bridge maintenance authorized by this temporary deviation be completed before the end of the effective period published in this notice, the Coast Guard will rescind the remainder of this temporary deviation, and the bridge shall be returned to its normal operation schedule.

Notice of the above action shall be provided to the public in the Local Notice to Mariners and the **Federal Register**, where practicable.

Dated: September 28, 2007.

**Gary Kassof,**

*Bridge Program Manager, First Coast Guard District.*

[FR Doc. 07-4998 Filed 10-4-07; 3:08 pm]

**BILLING CODE 4910-15-P**

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## POSTAL SERVICE

### 39 CFR Part 111

#### Temporary Mail Forwarding Policy

**AGENCY:** Postal Service.

**ACTION:** Final rule.

**SUMMARY:** The Postal Service published an interim rule and request for comment on amendments to the standards in the *Mailing Standards of the United States Postal Service*, Domestic Mail Manual (DMM) concerning temporary change of address orders. The Postal Service is adopting the interim rule with clarifying revisions.

**DATES:** *Effective Date:* October 10, 2007.

#### FOR FURTHER INFORMATION CONTACT:

Charles B. Hunt, Product Management, (901) 681-4651, James Wilson, Address Management, (901) 681-4676.

**SUPPLEMENTARY INFORMATION:** On July 7, 2006, the Postal Service published an interim final rule in the **Federal Register** revising the DMM standards concerning the duration and submission of change of address orders. 71 FR 38537. The notice also invited public comment concerning the changes. The Postal Service received five customer comments on the revisions.

Four of the comments oppose the establishment of a six month limit on the duration of the initial temporary change-of-address order, stating their preference for a longer period such as seven or eight months if not the current period of up to one year. Some commenters appeared to misunderstand the new rule, believing that it reduces the amount of time for temporary change-of-address service from one year to six months. Others, not appearing to have this misunderstanding, based their comments on the inconvenience of submitting a second temporary change order.

As explained in the interim rule, the change does not reduce the maximum time for which customers can obtain temporary change-of-address service, which remains up to one year. The change only requires customers to submit a second request if they need the service for more than six months. Since the majority (approximately 62 percent) of all temporary change-of-address requests are for less than six months, most requests will not be affected by the new policy. We realize that some customers may be inconvenienced by the requirement to submit a second request to extend their forwarding order. However, we will minimize the inconvenience by sending customers a reminder to submit a second temporary forwarding request if they desire additional forwarding time. We believe that limiting initial requests to six months will benefit customers who inadvertently fail to state an ending date on a temporary change of address order.

Two commenters opposed extending the minimum duration of temporary change of address orders. One suggested that service be provided for shorter time periods for a fee, while the other suggested customers be required to submit the requests far enough in advance to permit them to be processed in time in order to be applied to the shorter period.

As explained in the interim rule, the time needed to process and redirect the mail of temporary change-of-address

orders may approach two weeks. Accordingly, the acceptance of short-term forwarding orders results in instances where mail does not arrive prior to the date the customer leaves the temporary address. This mail must be redirected again to the permanent address, resulting in additional handling by the Postal Service and delay in receipt of mail for the customer. The imposition of a fee for short-term temporary change-of-address service would not alter this pattern. Furthermore, while the Postal Service encourages customers to file change-of-address orders in advance of their move, it cannot, as a practical matter, require customers to submit them by a specific date since circumstances may require temporary moves on the part of a customer with little advance notice.

Accordingly, for the reasons explained here as well as in the interim rule, the Postal Service adopts the interim rule as a final rule with the additional changes discussed below. These changes are based on review of the comments and further internal consideration of the standards.

The additional changes to DMM 507.2.1.3 adopted in this final rule are intended to clarify the time periods for temporary change of address orders. That is, the revisions provide more precise information for customers by also expressing the periods in days. Accordingly, the changes state the minimum duration for a change of address order is 15 days; the maximum duration for the initial change of address order is 185 days; and the maximum duration for the additional change of address order is 179 days. A customer seeking the longest duration for temporary change of address, can accordingly submit an initial order for 185 days and a second order for 179 more days, thus reaching the maximum period of 364 days.

The Postal Service adopts the following revisions of the DMM, incorporated by reference in the Code of Federal Regulations. See 39 CFR 111.1, 111.4.

#### List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

■ Accordingly, 39 CFR part 111 is amended as follows:

#### PART 111—[AMENDED]

■ 1. The authority citation for 39 CFR part 111 continues to read as follows:

**Authority:** 5 U.S.C. 552(a); 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3626, 5001.