

[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Parts 1, 31, 35, 36, 40, 301, and 601

[TD 8952]

RIN 1545-AY10

Removal of Fed Reserve Banks as Depository

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations and removal of temporary regulations.

SUMMARY: This document contains final regulations which remove the Federal Reserve banks as authorized depositories for Federal tax deposits. The regulations affect taxpayers who make Federal tax deposits using paper Federal Tax Deposit (FTD) coupons (Form 8109) at Federal Reserve banks.

DATES: Effective Date: These regulations are effective June 26, 2001.

Applicability Date: These regulations apply to deposits made after December 31, 2000.

FOR FURTHER INFORMATION CONTACT: Brinton T. Warren, (202) 622-4940 (not a toll-free number).

SUPPLEMENTARY INFORMATION

### **Background**

This document contains amendments to 26 CFR parts 1, 31, 35, 36, 40, 301, and 601 relating to Federal tax deposits under section 6302(c) of the Internal Revenue Code (Code). On December 26, 2000, temporary regulations (TD 8918) relating to the removal of Federal Reserve Banks as federal depositories were

published in the **Federal Register** (65 FR 81356). A notice of proposed rulemaking that proposed the removal of Federal Reserve Banks as federal depositories was published in the **Federal Register** for the same day (65 FR 81453). No comments were received from the public in response to the notice of proposed rulemaking.

#### **Explanation of Provisions**

These final regulations, which permanently remove Federal Reserve Banks as authorized depositories for Federal tax deposits, adopt the rules of the proposed regulations and remove the corresponding temporary regulations. The term Federal Reserve Bank includes twelve banks and their approximately two dozen branches that constitute the nation's central banking system. The term does not include the thousands of federally and state chartered banks that are recognized as members of the Federal Reserve System. Accordingly, these final regulations do not affect Federal Tax Deposits (FTDs) made with paper coupons at any of the more than 10,000 financial institutions nationwide that serve as Treasury Tax and Loan (TT&L) depositories. Deposits made through the Electronic Federal Tax Payment System (EFTPS) are also not affected.

#### **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 regulations do 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 these regulations 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 Brinton T. Warren of the Office of Associate Chief Counsel, Procedure and Administration (Administrative Provisions and Judicial Practice Division). However, other personnel from the IRS and Treasury Department participated in their development.

**List of Subjects**

26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

26 CFR Part 31

Employment taxes, Income taxes, Penalties, Pensions, Railroad retirement, Reporting and recordkeeping requirements, Social security, Unemployment compensation.

26 CFR Part 35

Employment taxes, Income taxes, Reporting and recordkeeping requirements.

26 CFR Part 36

Employment taxes, Foreign relations, Reporting and

recordkeeping requirements, Social security.

26 CFR Part 40

Excise taxes, Reporting and recordkeeping requirements.

26 CFR Part 301

Administrative practice and procedure, Employment taxes, Estate taxes, Excise taxes, Gift taxes, Income taxes, Penalties, Reporting and recordkeeping requirements.

26 CFR Part 601

Administrative practice and procedure, Freedom of information, Reporting and recordkeeping requirements, Taxes.

**Adoption of Amendments to the Regulations**

Accordingly, and under the authority of 26 U.S.C. 7805 and 5 U.S.C. 301, 26 CFR parts 1, 31, 35, 36, 40, 301 and 601 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 \* \* \*

**§1.6302-1 [Amended]**

Par. 2. Section 1.6302-1 is amended by removing the fifth sentence in paragraph (b)(1).

**§1.6302-2 [Amended]**

Par. 3. Section 1.6302-2 is amended by removing the third sentence in paragraph (b)(1).

PART 31--EMPLOYMENT TAXES AND COLLECTION OF INCOME TAX AT SOURCE

Par. 4. The authority citation for part 31 continues to read

in part as follows:

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

**§31.6302-1 [Amended]**

Par. 5. Section 31.6302-1 is amended by removing the fourth sentence in paragraph (i)(3).

**§31.6302(c)-3 [Amended]**

Par. 6. Section 31.6302(c)-3 is amended by removing the third sentence in paragraph (b)(2).

**PART 301--PROCEDURE AND ADMINISTRATION**

Par. 7. The authority for part 301 continues to read in part as follows:

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

**§301.6302-1T [Removed]**

Par. 8. Section 301.6302-1T is removed.

**PARTS 1, 31, 35, 36, 40, 301, 601 [AMENDED]**

Par. 9. In the list below, for each section indicated in the left column, remove the language in the middle column and add, if any, the language in the right column:

<u>Section</u>	<u>Remove</u>	<u>Add</u>
1.1461-1(a)(1), first sentence	a Federal reserve bank or	an
1.1502-5(a)(1), fourth sentence	commercial dispositary or Federal Reserve Bank	financial institution
1.6151-1(d)(1)	Federal Reserve Banks or	

<u>Section</u>	<u>Remove</u>	<u>Add</u>
1.6302-1(b)(1) fourth sentence	214 or, at the election of the corporation, to a Federal Reserve bank	203
1.6302-1(b)(1), fifth sentence	the Federal Reserve bank or	
1.6302-2(a)(1)(i), first sentence	a Federal Reserve bank or	an
1.6302-2(a)(1)(ii), first sentence	a Federal Reserve bank or	an
1.6302-2(a)(1)(iv), first sentence	a Federal Reserve bank or	an
1.6302-2(b)(1), second sentence	214 or, at the election of the withholding agent, to a Federal Reserve bank	203
1.6302-2(b)(1), third sentence	the Federal Reserve bank or	
1.6302-3(a)	or with a Federal Reserve Bank	
31.6071(a)-1(a)(1), last sentence	or by a Federal Reserve bank	
31.6071(a)-1(c), last sentence	a Federal Reserve bank or by	
31.6151-1(b), first sentence	Federal Reserve banks and	

<u>Section</u>	<u>Remove</u>	<u>Add</u>
31.6302-1(c)(1), first sentence	a Federal Reserve bank or	an
31.6302-1(c)(2)(i) introductory text	a Federal Reserve bank or	an
31.6302-1(c)(3)	a Federal Reserve bank or	an
31.6302-1(i)(3) introductory text, first sentence	214 or, at the election of the employer, to a Federal Reserve bank	203
31.6302-1(i)(5)	the Federal Reserve bank or	
31.6302(c)- 2A(b)(1)(i)	with a Federal Reserve bank or	
31.6302(c)-2A(b)(3)	with a Federal Reserve bank or	
31.6302(c)- 3(a)(1)(i)	with a Federal Reserve bank or	
31.6302(c)- 3(a)(1)(ii)	with a Federal Reserve bank or	
31.6302(c)-3(a)(3)	with a Federal Reserve bank or	
31.6302(c)-3(b)(2) second sentence	214 or, at the election of the employer, to a Federal Reserve bank	203
31.6302(c)-3(b)(2), third sentence	the Federal Reserve bank or	
35.3405-1T e-10A., first sentence	a Federal Reserve Bank or	
36.3121(1)(10)-4	a Federal Reserve bank or	an

<u>Section</u>	<u>Remove</u>	<u>Add</u>
40.6302(c)-1(d)(1)	214) or to a Federal Reserve bank	203)
301.6302-1(a)	Federal Reserve banks and authorized commercial banks	authorized financial institutions
301.6302-1(b)(1)	Federal Reserve banks or authorized commercial banks	authorized financial institutions
301.6302-1(b)(2)	Federal Reserve banks or authorized commercial banks	authorized financial institutions
301.9100-5T(c) concluding text	Federal Reserve banks and	
601.401(a)(5) heading	Federal Reserve banks and	
601.401(a)(5)(iii) first sentence	a Federal Reserve bank or	an
601.401(a)(5)(iii) second sentence	a Federal Reserve bank or	an



<u>Section</u>	<u>Remove</u>	<u>Add</u>
601.401(a)(5)(iv), first sentence	a Federal Reserve bank or a financial institution authorized in accordance with Treasury Department Circular No. 1079, revised, to accept remittances of these taxes for transmission to a Federal Reserve bank	an authorized financial institution

Robert E. Wenzel

Deputy Commissioner of Internal Revenue.

Approved: June 15, 2001

Mark A. Weinberger

Assistant Secretary of the Treasury (Tax Policy).