

Section 6031.—Return of Partnership Income

26 CFR 1.6031(a)–1: Return of partnership income.

T.D. 9177

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

Return of Partnership Income

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations and removal of temporary regulations.

SUMMARY: This document contains final regulations that authorize the Commissioner to provide exceptions to the requirements of section 6031(a) of the Internal Revenue Code for certain partnerships by guidance published in the Internal Revenue Bulletin. The regulations adopt the rules of the temporary regulations without any changes.

DATES: *Effective Date:* These regulations are effective November 5, 2003.

FOR FURTHER INFORMATION CONTACT: David A. Shulman, (202) 622–3070 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On November 10, 2003, the IRS and Treasury published a notice of proposed rulemaking by cross reference to temporary regulations (REG–115472–03, 2003–2 C.B. 1215) in the **Federal Register**, and temporary regulations in T.D. 9094 (2003–2 C.B. 1201 [68 FR 63733]), under section 6031 of the Internal Revenue Code (Code). Written comments and requests for a public hearing were solicited. No public hearing was requested, and no comments were received. Therefore, the proposed regulations under section 6031 are adopted as final regulations without any changes. The temporary regulations are removed.

Explanation of Provisions

The following is a general explanation of the provisions in the final regulations, which are the same as the provisions in the temporary regulations.

The Commissioner may, in published guidance, provide an exception to the reporting requirements of section 6031(a) for partnerships in situations in which all or substantially all of the partnership's income is derived from the holding or disposition of tax-exempt obligations (as defined in section 1275(a)(3) and §1.1275–1(e)) or shares in a RIC that pays exempt-interest dividends (as defined in section 852(b)(5)). The exception may be conditioned on substitute reporting and eligibility and other requirements. In conjunction with issuance of the temporary regulations, the Commissioner published Rev. Proc. 2003–84, 2003–2 C.B. 1159, which provides for an exception to section 6031 for specified eligible partnerships.

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 has also been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations. These regulations impose no new collection of information on small entities; therefore a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required. Pursuant to section 7805(f) of the Code, the proposed regulations preceding these regulations were 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 David A. Shulman of the Office of the Associate Chief Counsel (Passthroughs & Special Industries), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

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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 §1.6031(a)–1T, and revising the entry for §1.6031(a)–1 to read, in part, as follows:

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

Section 1.6031(a)–1 also issued under section 404 of the Tax Equity and Fiscal Responsibility Act of 1982) Public Law 97–248; 96 Stat. 324, 669) (TEFRA). * * *

Par. 2. Section 1.6031(a)–1 is amended as follows:

1. In paragraph (a)(1), the first sentence is amended by removing the language “and §1.6031(a)–1T” immediately following the language “of this section”.

2. Paragraphs (a)(3)(ii) and (f) are revised.

The revisions read as follows:

§1.6031(a)–1 Return of partnership income.

(a) * * *

(3) * * *

(ii) The Commissioner may, in guidance published in the Internal Revenue Bulletin (see §601.601(d)(2)(ii)(b) of this chapter), provide for an exception to partnership reporting under section 6031 and for conditions for the exception, if all or substantially all of a partnership's income is derived from the holding or disposition of tax-exempt obligations (as defined in section 1275(a)(3) and §1.1275–1(e)) or shares in a regulated investment company (as defined in section 851(a)) that pays exempt-interest dividends (as defined in section 852(b)(5)).

* * * * *

(f) *Effective dates.* This section applies to taxable years of a partnership beginning after December 31, 1999, except that —

(1) Paragraph (b)(3) of this section applies to taxable years of a foreign partnership beginning after December 31, 2000; and

(2) Paragraph (a)(3)(ii) of this section applies to taxable years of a partnership beginning on or after November 5, 2003.

§1.6031(a)-1T [REMOVED]

Par. 3. Section 1.6031(a)-1T is removed.

Mark E. Matthews,
*Deputy Commissioner for
Services and Enforcement.*

Approved January 26, 2005.

Eric Solomon,
*Acting Deputy Assistant Secretary
of the Treasury (Tax Policy).*

(Filed by the Office of the Federal Register on February 10, 2005, 8:45 a.m., and published in the issue of the Federal Register for February 11, 2005, 70 F.R. 7176)
