(e) Events financed by USAID such as training courses, conferences, seminars, exhibitions, fairs, workshops, press conferences and other public communications, must be marked appropriately with the USAID Identity. Unless directly prohibited and as appropriate to the surroundings, recipients should display additional materials such as signs and plaques with USAID and United States Government symbols. In circumstances in which the USAID identity cannot be displayed visually, recipients are encouraged to otherwise acknowledge USAID funding and support.

(f) USAID Mission Directors may waive USAID marking requirements for each USAID funded commodity, program, project, activity or public communication, or in exceptional circumstances may make a blanket waiver by sector, region or country, for up to six months from the date of the waiver, if the Mission Director determines that otherwise USAID-required marking would pose compelling political, safety or security concerns. The waiver determination must be made in a manner commensurate with the United States Government’s “no double standard” policy, i.e., on the basis of the same information that applies to determinations of the safety and security of U.S. Government employees in the host country. When making a waiver determination, Mission Directors should consider whether or not to recommend to USAID contractors, grantees and other partners that in addition, they remove their organization’s own logos or markings, as part of the determination of the existence of compelling political, safety, or security concerns. Waiver determinations may be extended beyond the initial six months after mission director consultation with the responsible USAID Assistant Administrator.

(g) The USAID Partner Branding Guide, specific marking instructions, and information about Mission Director approved waivers (if any) may be obtained from the Cognizant Technical Officer or the Agreements Officer, who will consult with award recipients on USAID marking requirements after the making of an award. Recipients of USAID or cooperative agreement or other assistance award or subaward should retain copies of any specific marking instructions or waivers in their project, program or activity files. Cognizant Technical Officers will be assigned responsibility to monitor marking requirements.

(h) The marking provision is a material provision of USAID grants or cooperative agreements or other assistance awards or subawards. In cases where the marking requirements have not been complied with, the Agreements Officer will initiate corrective action. Such action may involve informing the recipient of a USAID grant or cooperative agreement or other assistance award or subaward of instances of noncompliance and requesting that it carry out its responsibilities as set forth in this provision. Major or repeated non-compliance with the marking requirements will trigger a notice of non-compliance with a material provision of the USAID grant or cooperative agreement or other assistance award or subaward and an opportunity to cure promptly, with possible termination if the recipient does not address the material noncompliance with marking requirements.

(i) Non-retroactivity: These marking requirements apply to any obligation of USAID funds, including incremental funding, as of [USAID will insert the effective date of this provision in the final rule]. In the event of a waiver of marking requirements, the marking requirements shall apply from the date forward that the waiver is rescinded. In the event of the rescinding of a waiver after the completion of USAID funded programs, projects, activities or public communications, the USAID mission or operating unit with initial responsibility to administer the marking requirements shall make a cost benefit analysis as to requiring USAID marking requirements after the completion of the affected programs, projects, activities or public communications.

(j) The USAID Identity, the USAID Partner Branding Guide, and other marking materials and guidance will be provided at no cost to recipients of USAID grants, cooperative agreements or other assistance awards or subawards. Additional costs associated with marking requirements will be met by USAID if reasonable, allowable and allocable under the cost principles of OMB Cost Circular A–110. The standard cost reimbursement provisions of the grant, cooperative agreement, other assistance award or subaward should be followed when applying for reimbursement of additional marking costs.

(k) If recipients of USAID grants or cooperative agreements or other assistance awards or subawards permit their employees to engage in public speaking, writing, teaching or promotion efforts such as press conferences concerning the USAID funded program, project, activity or public communication, such recipients must have an organizational policy that requires the organization and all its employees to state that they are not representing USAID or the United States Government and that their public speaking, writing, teaching or promotional efforts do not necessarily reflect the views of USAID or of the United States Government.

DEPARTMENT OF THE TREASURY
Office of the Secretary
31 CFR Part 10
[REG–159824–04]
RIN 1545–BE13
Regulations Governing Practice Before the Internal Revenue Service
AGENCY: Office of the Secretary, Treasury.
ACTION: Notice of proposed rulemaking and notice of public hearing.
SUMMARY: This notice proposes amendments to the regulations governing practice before the Internal Revenue Service (Circular 230). These regulations affect individuals who are eligible to practice before the IRS. The proposed modifications set forth standards for State or local bond opinions. This document also provides notice of a public hearing regarding the proposed regulations.
DATES: Written or electronically generated comments and outlines of topics to be discussed at the public hearing scheduled for March 22, 2005, must be received by March 1, 2005.


FOR FURTHER INFORMATION CONTACT: Concerning issues for comment, Heather L. Dostaler at (202) 622–4940 or Vicki Tsalas at (202) 622–3980; concerning submissions of comments, Treena Garrett of the Publications and Regulations Branch at (202) 622–7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Paperwork Reduction Act

The collection of information contained in this notice of proposed rulemaking has been submitted to the Office of Management and Budget for review in accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3507). Comments on the collection of information should be sent to the Office of Management and Budget, Attn: Desk Officer for the Department of the Treasury, Office of Information and Regulatory Affairs, Washington, DC 20503, with copies to the Internal Revenue Service, Attn: IRS Reports Clearance Officer, SE:W:CAR:MP:T:T:SP, Washington, DC 20224. Comments on the collection of information should be received by February 18, 2005. Comments are specifically requested concerning: Whether the proposed collection of information and retention is necessary for the proper performance of the Office of Professional Responsibility, including whether the information will have practical utility;

The accuracy of the estimated burden associated with the proper collection and retention of information (see below);

How the quality, utility, and clarity of the information to be collected may be enhanced;

How the burden of complying with the proposed collection and retention of information may be minimized, including through the application of automated collection techniques or other forms of information technology; and

Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

The collection of information in these proposed regulations is in §10.39. This information is required to ensure practitioners comply with minimum standards when writing a State or local bond opinion. This information will assist the Commissioner, through the Office of Professional Responsibility, to ensure that practitioners properly advise taxpayers regarding state or local bonds. The collection of information is mandatory. The likely recordkeepers and respondents are individuals.

To comply with §10.39, a practitioner may provide a single State or local bond opinion or may provide a combination of documents, but only if the documents, taken together, satisfy the requirements of §10.39. The estimates below are based on an average of 10 opinions given by a practitioner per year with an average increased time of 1 to 3 hours per opinion.

Estimated total record keeping and reporting burden is 30,000 hours. Estimated annual burden per practitioner varies from 10 to 30 hours, depending on individual circumstances, with an estimated average of 20 hours. Estimated number of affected practitioners is 1,500.

Estimated annual frequency of responses providing a State or local bond opinion (or a combination of documents) is on occasion.

An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid control number assigned by the Office of Management and Budget.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by section 6103 of the Internal Revenue Code.

Background

Section 330 of title 31 of the United States Code authorizes the Secretary of the Treasury to regulate the practice of representatives before the Treasury Department. The Secretary has published the regulations governing standards of practice in Circular 230 (31 CFR part 10). Municipal bond opinions have been excluded from the standards for tax shelter opinions since the Treasury Department and the IRS first published standards for tax shelter opinions in Circular 230. On December 30, 2003, the Treasury Department and the IRS proposed amendments to the standards of practice that would have eliminated the exclusion for municipal bond opinions. See 68 FR 75186. Public comments were submitted in response to the proposed amendments addressing the special characteristics of the market for municipal bond opinions.

After careful consideration, the Treasury Department and the IRS have concluded that practitioners rendering opinions concerning the tax treatment of municipal bonds should be subject to the same professional standards that are applicable to other practitioners. Recognizing the special characteristics of the bond market, the Treasury Department and the IRS are proposing regulations that provide standards of practice for practitioners rendering municipal bond opinions.

The proposed regulations are substantially similar to the standards of practice for covered opinions that were promulgated on December 20, 2004, which included final regulations providing best practices for tax advisors, minimum standards for covered opinions and other written advice and procedures to ensure compliance with the minimum standards. Under the final regulations, a practitioner providing a covered opinion must comply with the minimum standards set forth in §10.35. Specifically, a practitioner providing a covered opinion must: (1) identify and ascertain all relevant facts; (2) relate the applicable law to the relevant facts; (3) evaluate each significant Federal tax issue; and (4) provide an overall conclusion. In addition, covered opinions may be required to contain certain disclosures provided in §10.35(e), if applicable. Under §10.35, the definition of a covered opinion excludes State or local bond opinions. The definition of a State or local bond opinion contemplates opinions that issuers routinely receive at the time bonds are issued. Specifically, a State or local bond opinion is written advice that is included in the offering materials for the issuance of a State or local bond and that concerns only the excludability of interest on a State or local bond from gross income under section 103, the application of section 55, the status of the bond as a qualified tax-exempt obligation under section 265(b)(3), the status of the bond as a qualified zone academy bond under section 1397E, or any combination of these issues. Offering materials include any written material delivered to a purchaser of a State or local bond in connection with
the issuance of the bond in a private or public placement (bond offering materials).

Explanation of Provisions

Under § 10.35(b)(2)(ii)(B), a covered opinion does not include a State or local bond opinion. Under proposed § 10.35(b)(9), a State or local bond opinion is written advice, included in bond offering materials for the issuance of a State or local bond, if (1) the written advice as to Federal tax matters addressed in the bond offering materials consists only of advice that concerns specified issues under section 103, section 55, section 265(b)(3), or section 1397E, or any combination of those issues; and (2) the practitioner separately provides to the issuer of the bond, and includes in the transcript of proceedings if one is prepared, written advice that satisfies the requirements set forth in § 10.39.

An opinion is a State or local bond opinion even if the written advice addresses matters not directly related to a Federal tax issue, e.g., a State law issue. An opinion also is a State or local bond opinion if the opinion is redelivered unchanged, e.g., if the opinion is redelivered with a qualified tender bond that is tendered to the remarketing agent and remarkeked. If the State or local bond opinion with respect to that bond issue is changed or otherwise updated after bonds are issued, the altered opinion is not a State or local bond opinion, and is subject to the requirements of § 10.35.

The Treasury Department and the IRS recognize the special characteristics of the market for municipal bonds and are proposing amendments to the requirements of Circular 230 that take into account these characteristics. The manner in which practitioners provide State or local bond opinions suggests that the form of these bond opinions should be more flexible than § 10.35 permits. The proposed regulations exclude a State or local bond opinion from the requirements of § 10.35, if the practitioner provides the issuer with separate written advice that satisfies the requirements of § 10.39.

Proposed § 10.39 sets forth the minimum requirements for a State or local bond opinion. Although the minimum requirements are substantially similar to those of § 10.35(c), § 10.39 is tailored to take into account the customary practice and special circumstances of the market for municipal bonds. Furthermore, the proposed regulations provide practitioners flexibility in determining how the separate written advice should be conveyed. The practitioner may provide the separate written advice in a tax certificate that customarily would be prepared for inclusion in the transcript of proceedings, or in a tax certificate and an additional memorandum or letter, or in any other combination of documents that are made available to the issuer and included in the transcript of proceedings, if one is prepared. The requirements for all State or local bond opinions include: (1) Identifying and considering all relevant facts and not relying on unreasonable factual assumptions or unreasonable representations; (2) relating the applicable law (including potentially applicable judicial doctrines) to the relevant facts and not relying on any unreasonable legal assumptions, representations or conclusions; and (3) considering all significant Federal tax issues relevant to reaching the overall conclusion with respect to the Federal tax treatment of the bonds and reaching a conclusion, supported by the facts and the law, with respect to each significant Federal tax issue. As provided in § 10.35(b)(3), a Federal tax issue is significant if the Internal Revenue Service has a reasonable basis for a successful challenge and its resolution could have a significant impact, whether beneficial or adverse and under any reasonably foreseeable circumstance, on the overall Federal tax treatment of the transaction(s) or matter(s) addressed in the opinion.

A practitioner must not base the written advice on an assumption or factual representation, statement or finding of any person unless the practitioner has exercised due diligence in identifying and ascertaining the relevant facts. Even if a third party has certified a representation, the practitioner is responsible for exercising due diligence. For example, a practitioner may not rely on a representation, certified or otherwise, to conclude that the requirements of the safe harbor for establishing the fair market value of a guaranteed investment contract in 26 CFR 1.148–5(d)(b)(iii) were met if the representation does not include a specific description of how those requirements were satisfied or if the practitioner knows or should know that the representation was incorrect or incomplete.

Proposed § 10.39 permits a practitioner to incorporate the facts, factual assumptions, and findings, representations and statements of any person by reference to another document, such as a tax certificate, provided that the document is included in the transcript of proceedings. Similarly, the legal analysis may be appended or included in a tax certificate or similar document, provided that it is clear that the practitioner provided the written advice. Unlike § 10.35(e) with respect to covered opinions, proposed § 10.39 does not require any disclosures in the written advice.

Proposed §§ 10.35(b)(9) and 10.39 will require that the written advice the practitioner is required to provide separately to the issuer of a state or local bond be included in the transcript of proceedings if one is prepared or in a document available to the issuer if no transcript is prepared. Inclusion of the written advice in the transcript of proceedings is intended to ensure that the practitioner’s written advice is made available to the issuer and is intended to be consistent with the current practice of including the tax certificate and other documents supporting the State or local bond opinion in the transcript of proceedings. The Treasury Department and the IRS request comments regarding this requirement.

Proposed Effective Date

Consistent with Announcement 2004–29 (2004–17 I.R.B. 828) (April 26, 2004), these proposed regulations will be applicable no sooner than 120 days after the final regulations are published in the Federal Register.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It is hereby certified that these regulations will not have a significant economic impact on a substantial number of small entities. Persons authorized to practice before the IRS have long been required to comply with certain standards of conduct. 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 Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small businesses.

Comments and Public Hearing

Before the regulations are adopted as final regulations, consideration will be given to any written comments and electronic comments that are submitted timely to the IRS. The Treasury Department and the IRS specifically request comments on the clarity of the proposed regulations and how they can be made easier to understand. All comments will be available for public inspection and copying.
75890  Federal Register / Vol. 69, No. 243 / Monday, December 20, 2004 / Proposed Rules

The public hearing is scheduled for March 22, 2005, at 10 a.m., and will be held in the Internal Revenue Service auditorium on the seventh floor. Due to building security procedures, visitors must enter at the Constitution Avenue entrance. All visitors must present photo identification to enter the building. Visitors will not be admitted beyond the immediate entrance area more than 30 minutes before the hearing starts. For information about having your name placed on the building access list to attend the hearing, see the FOR FURTHER INFORMATION CONTACT section of this preamble.

The rules of 26 CFR 601.601(a)(3) apply to the hearing. Persons who wish to present oral comments at the hearing must submit written or electronic comments and submit an outline of the topics to be discussed and the time to be devoted to each topic by March 1, 2005. A period of 10 minutes will be allocated to each person for making comments.

An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

Drafting Information

The principal authors of the regulations are Heather L. Dostaler and Brinton T. Warren of the Office of the Associate Chief Counsel (Procedure and Administration), Administrative Provisions and Judicial Practice Division, and Vicki Tsilas of the Office of the Associate Chief Counsel (Tax Exempt/Government Entities).

List of Subjects in 31 CFR Part 10

Administrative practice and procedure, Lawyers, Accountants, Enrolled agents, Enrolled actuaries, Appraisers.

Proposed Amendments to the Regulations

Accordingly, 31 CFR part 10 is proposed to be amended as follows.

PART 10—PRACTICE BEFORE THE INTERNAL REVENUE SERVICE

§ 10.35 Requirements for covered opinions.

(a) * * * * *

(b) * * *

(9) State or local bond opinion. Written advice, included in bond offering materials (as defined in §10.39(c)) for the issuance of a State or local bond, is a State or local bond opinion if—

(i) The written advice as to Federal tax matters addressed in the bond offering materials consists only of advice that concerns the excludability of interest on a State or local bond from gross income under section 103 of the Internal Revenue Code, the application of section 55 of the Internal Revenue Code to a State or local bond, the status of a State or local bond as a qualified zone academy bond under section 1397E of the Internal Revenue Code, or any combination of the above; and

(ii) The practitioner separately provides to the issuer of the bond written advice that satisfies the requirements set forth in §10.39.

Par. 3. Section 10.36 is revised to read as follows:

§ 10.36 Procedures to ensure compliance.

(a) Requirements for covered opinions. Any practitioner who has (or practitioners who have or share) principal authority and responsibility for overseeing a firm’s practice of providing advice concerning Federal tax issues must take reasonable steps to ensure that the firm has adequate procedures in effect for all members, associates, and employees for purposes of complying with §§10.35 and 10.39, as applicable. Any such practitioner will be subject to discipline for failing to comply with the requirements of this paragraph if—

(1) The practitioner through willfulness, recklessness, or gross incompetence does not take reasonable steps to ensure that the firm has adequate procedures to comply with §§10.35 and 10.39, as applicable, and one or more individuals who are members of, associated with, or employed by, the firm are, or have, engaged in a pattern or practice, in connection with their practice with the firm, that does not comply with §§10.35 and 10.39, as applicable, and the practitioner, through willfulness, recklessness, or gross incompetence fails to take prompt action to correct the noncompliance.

(b) Effective date. This section is applicable on the date that is 120 days after publication of the final regulations in the Federal Register.

Par. 4. Section 10.38 is revised to read as follows:

§ 10.38 Establishment of advisory committees.

(a) Advisory committees. To promote and maintain the public’s confidence in tax advisors, the Director of the Office of Professional Responsibility is authorized to establish one or more advisory committees composed of at least five individuals authorized to practice before the Internal Revenue Service. The Director should ensure that membership of an advisory committee is balanced among those who practice as attorneys, accountants, and enrolled agents. Under procedures prescribed by the Director, an advisory committee may review and make general recommendations regarding professional standards or best practices for tax advisors, including whether hypothetical conduct would give rise to a violation of §§10.35, 10.36 or 10.39.

(b) Effective date. This section is applicable 120 days after publication of the final regulations in the Federal Register.

Par. 5. Section 10.39 is added to read as follows:

§ 10.39 Requirements for State or local bond opinions.

(a) In general. A practitioner who provides a State or local bond opinion shall comply with the standards of practice in this section.

(b) Requirements for separately provided written advice. A practitioner providing a State or local bond opinion must separately provide to the issuer of the bond written advice that satisfies each of the following requirements. For purposes of this section, the written advice may be set forth in a tax certificate or in other documents included in the transcript of proceedings, or, if no transcript is prepared, in one or more other documents made available to the issuer, provided that the documents constituting the written advice taken together satisfy each of the following requirements.

(i) Factual matters. (i) The practitioner must use reasonable efforts to identify and ascertain the facts,
which may relate to future events, and to determine which facts are relevant. The written advice must identify and consider all facts that the practitioner determines to be relevant.

(ii) The practitioner must not base the written advice on any unreasonable factual assumptions (including assumptions as to future events). An unreasonable factual assumption includes a factual assumption that the practitioner knows or should know is incorrect or incomplete. A factual assumption includes reliance on a projection, financial forecast or appraisal. It is unreasonable for a practitioner to rely on a projection, financial forecast or appraisal if the practitioner knows or should know that the projection, financial forecast or appraisal is incorrect or incomplete or was prepared by a person lacking the skills or qualifications necessary to prepare such projection, financial forecast or appraisal. The written advice must identify in a separate section all factual assumptions relied upon by the practitioner.

(iii) The practitioner must not base the written advice on any unreasonable factual representations, statements or findings of any person. An unreasonable factual representation includes a factual representation that the practitioner knows or should know is incorrect or incomplete. The written advice must identify in a separate section all factual representations, statements or findings relied upon by the practitioner.

(iv) If the facts required to be identified under this paragraph (b)(1) are set forth in a tax certificate or other similar document that is included in the transcript of proceedings and the analysis required by paragraphs (b)(2) and (b)(3) of this section is set forth in a separate document, the practitioner may incorporate the facts required to be identified or considered in the separate document by reference to the tax certificate or other document.

§ 10.52 Violation of regulations.
(a) Prohibited conduct. A practitioner may be censured, suspended or disbarred from practice before the Internal Revenue Service for any of the following:

(1) Willfully violating any of the regulations (other than § 10.33) contained in this part; or

(2) Recklessly or through gross incompetence (within the meaning of § 10.51(l)) violating §§ 10.34, 10.35, 10.36, 10.37 or 10.39.

(b) Effective date. This section is applicable 120 days after publication of the final regulations in the Federal Register.

Mark E. Matthews,
Deputy Commissioner for Services and Enforcement, Internal Revenue Service.


Arnold I. Havens,
General Counsel, Department of the Treasury.

[FR Doc. 04–27679 Filed 12–17–04; 8:45 am]

BILLING CODE 4830–01–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 300

[FRL–7848–6]

National Oil and Hazardous Substance Pollution Contingency Plan National Priorities List

AGENCY: Environmental Protection Agency.

ACTION: Notice of intent to partially delete 9.84 acres within the Uravan Superfund Site from the National Priorities List.

SUMMARY: The Environmental Protection Agency (EPA) Region 8 is issuing a notice of intent to partially delete 9.84 acres within the Uravan Superfund Site located in Montrose County, Colorado, from the National Priorities List (NPL) and requests public comment on this notice of intent. The NPL, promulgated pursuant to section 105 of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980, as amended, is found at Appendix B of 40 CFR part 300 which is the National Oil and Hazardous Substances Pollution Contingency Plan (NCP). The EPA and the State of Colorado, through the Colorado Department of Public Health and Environment, have determined that all appropriate response actions under CERCLA, other than operation and maintenance and five-year reviews, have been completed for the 9.84 acres including two historic structures.