

DEPARTMENT OF THE TREASURY**Internal Revenue Service****26 CFR Part 301****[REG-147832-07]****RIN 1545-BH29****Disclosure of Return Information to the Bureau of the Census****AGENCY:** Internal Revenue Service (IRS), Treasury.**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulation.

SUMMARY: In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing a regulation that would add an additional item of return information that may be disclosed to the Bureau of the Census (Bureau) for use in the Bureau's annual Survey of Industrial Research and Development. This proposed regulation provides guidance to IRS personnel responsible for disclosing the information. This regulation facilitates the assistance of the IRS to the Bureau in its statistics programs and requires no action by taxpayers and has no effect on their tax liabilities.

DATES: Written and electronic comments and requests for a public hearing must be received by March 31, 2008.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG-147832-07), room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-147832-07), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC or sent electronically via the Federal eRulemaking Portal at www.regulations.gov (IRS and REG-147832-07).

FOR FURTHER INFORMATION CONTACT: Concerning submission of comments, Richard Hurst, (202) 622-7180 (not a toll-free number); concerning the notice of proposed rulemaking, Glenn Melcher, (202) 622-4570 (not a toll-free number).

SUPPLEMENTARY INFORMATION:**Background**

Under section 6103(j)(1)(A), upon written request from the Secretary of Commerce, the Treasury Secretary is to furnish to the Bureau of the Census (Bureau) return information as may be prescribed by Treasury regulations for the purpose of, but only to the extent necessary in, structuring censuses and

conducting related statistical activities authorized by law. Section 301.6103(j)(1)-1 of the regulation provides an itemized description of the items of return information authorized to be disclosed for this purpose. Periodically, the disclosure regulation is amended to reflect the changing needs of the Bureau for data for its statutorily authorized statistical activities.

This document contains a proposed regulation authorizing IRS personnel to disclose an additional item of return information that has been requested by the Secretary of Commerce.

A temporary regulation in this issue of the **Federal Register** amends the Procedure and Administration Regulations (26 CFR part 301) relating to Internal Revenue Code (Code) section 6103(j). The amendments to the regulation contain rules relating to the disclosure of return information reflected on returns to officers and employees of the Department of Commerce for structuring censuses and conducting related statistical activities authorized by law. Specifically, the amendment to the regulation authorizes the IRS to disclose an additional item of return information that has been requested by the Secretary of Commerce that is necessary for the Bureau's annual Survey of Industrial Research and Development.

The text of the temporary regulation also serves as the text of this proposed regulation. The preamble to the temporary regulation explains the proposed regulation.

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 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 regulation does 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 Code, this proposed regulation has been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Requests for a Public Hearing

Before the proposed regulation is adopted as a final regulation, consideration will be given to any electronic and written comments (a signed original and eight (8) copies) that

are submitted timely to the IRS. The IRS and Treasury Department specifically request comments on the clarity of the proposed regulation and how it can be made easier to understand. All comments will be available for public inspection and copying. A public hearing may be scheduled if requested in writing by a person who timely submits comments. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the **Federal Register**.

Drafting Information

The principal author of this proposed regulation is Glenn Melcher, Office of the Associate Chief Counsel (Procedure & Administration).

List of Subjects in 26 CFR Part 301

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

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 301 is proposed to be amended as follows:

PART 301—PROCEDURE AND ADMINISTRATION

Paragraph 1. The authority citation for part 301 continues to read in part as follows:

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

Par. 2. Section § 301.6103(j)(1)-1 is amended by revising paragraphs (b)(3)(xxv) and (e) to read as follows:

§ 301.6103(j)(1)-1 Disclosure of return information reflected on returns to officers and employees of the Department of Commerce for certain statistical purposes and related activities.

* * * * *

(b) * * *

(3) * * *

(xxv) [The text of proposed amended paragraph (b)(3)(xxv) is the same as the text of § 301.6103(j)(1)-1T(b)(3)(xxv) published elsewhere in this issue of the **Federal Register**.]

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(e) [The text of proposed amended paragraph (e) is the same as the text of § 301.6103(j)(1)-1T(e) published elsewhere in this issue of the **Federal Register**.]

Linda E. Stiff,

Deputy Commissioner for Services and Enforcement.

[FR Doc. E7-25127 Filed 12-28-07; 8:45 am]

BILLING CODE 4830-01-P