

Notwithstanding Q&A-9 of § 1.1041-1T(c), if a corporation redeems stock owned by the transferor spouse, and the transferor spouse's receipt of property in respect of such redeemed stock is not treated, under applicable tax law, as resulting in a constructive distribution to the nontransferor spouse, then the form of the stock redemption shall be respected for Federal income tax purposes. Therefore, the transferor spouse and the redeeming corporation will be respected as engaging in a redemption transaction to which the nontransferor spouse is not a party.

(b) *Tax consequences*—(1) *Transfers described in paragraph (a)(1)*. The tax consequences of each deemed transfer described in paragraph (a)(1) of this section are determined under applicable provisions of the Internal Revenue Code as if the parties had actually made such transfers. Accordingly, section 1041 applies to any deemed transfer of the stock and redemption proceeds between the transferor spouse and the nontransferor spouse, provided the requirements of section 1041 are otherwise satisfied with respect to such deemed transfer. Section 1041, however, will not apply to any deemed transfer of stock by the nontransferor spouse to the redeeming corporation in exchange for the redemption proceeds. See section 302 for rules relating to the tax consequences of certain corporate redemptions.

(2) *Transfers described in paragraph (a)(2)*. Section 1041 will not apply to any of the transfers described in paragraph (a)(2) of this section. See section 302 for rules relating to the tax consequences of certain stock redemptions.

(c) *Special rule*. Notwithstanding applicable tax law, a transferor spouse's receipt of property in respect of redeemed stock will be treated as resulting in a constructive distribution to the nontransferor spouse for purposes of paragraph (a)(1) of this section if a divorce or separation instrument, or a written agreement between the transferor spouse and the nontransferor spouse, requires the transferor spouse and the nontransferor spouse to file their Federal income tax returns in a manner that reflects that the transferor spouse transferred the redeemed stock to the nontransferor spouse in exchange for the redemption proceeds and the corporation redeemed the stock from the nontransferor spouse in exchange for the redemption proceeds. Such divorce or separation instrument must be effective, or written agreement must be executed by both spouses or former spouses, prior to the date on which the nontransferor spouse files such spouse's

first timely filed Federal income tax return for the year that includes the date of the stock redemption, but no later than the date such return is due (including extensions).

(d) *Limited scope*. Paragraphs (a) and (c) of this section shall apply only to stock redemptions where, either immediately before or immediately after the stock redemption, the nontransferor spouse owns directly stock of the redeeming corporation.

(e) *Examples*. The provisions of this section may be illustrated by the following examples:

Example 1. Corporation X has 100 shares outstanding. A and B each own 50 shares. A and B divorce. The divorce instrument requires B to purchase A's shares, and A to sell A's shares to B, in exchange for \$100x. Corporation X redeems A's shares for \$100x. Assume that, under applicable tax law, the stock redemption results in a constructive distribution to B. Paragraph (a)(1) of this section applies to the transfers of stock and redemption proceeds in connection with the redemption transaction. Accordingly, A will be treated as transferring A's stock of Corporation X to B in a transfer to which section 1041 applies (assuming the requirements of section 1041 are otherwise satisfied). B will be treated as transferring the Corporation X stock B is deemed to have received from A to Corporation X in exchange for \$100x in an exchange to which section 1041 does not apply and sections 302(d) and 301 apply, and B will be treated as transferring the \$100x to A in a transfer to which section 1041 applies.

Example 2. Assume the same facts as *Example 1*, except that the divorce instrument requires A to sell A's shares to Corporation X in exchange for a note. B guarantees Corporation X's payment of the note. Assume that, under applicable tax law, B does not have a primary and unconditional obligation to purchase A's stock. Also assume that the special rule of paragraph (c) of this section does not apply to the transfer of stock and redemption proceeds in connection with the redemption transaction. Under applicable tax law, the stock redemption does not result in a constructive distribution to B, because B does not have a primary and unconditional obligation to purchase A's stock. Paragraph (a)(1) of this section does not apply to the transfers of stock and redemption proceeds in connection with the redemption transaction. Accordingly, under paragraphs (a)(2) and (b)(2) of this section, the tax consequences of the redemption will be determined in accordance with its form as a redemption of A's shares by Corporation X. See section 302.

Example 3. Assume the same facts as *Example 2*, except that the divorce instrument provides as follows: "A and B agree that A's Federal income tax return for the year that includes the date of the redemption will reflect that A transferred A's shares of Corporation X to B in exchange for the redemption proceeds of \$100x and B's Federal income tax return for such year will reflect that Corporation X redeemed such shares from B in exchange for such

proceeds." By virtue of the special rule of paragraph (c) of this section, the redemption is treated as resulting in a constructive distribution to B. Accordingly, A will be treated as transferring A's stock of Corporation X to B in a transfer to which section 1041 applies (assuming the requirements of section 1041 are otherwise satisfied). B will be treated as transferring the Corporation X stock B is deemed to have received from A to Corporation X in exchange for \$100x in an exchange to which section 1041 does not apply and sections 302(d) and 301 apply, and B will be treated as transferring the \$100x to A in a transfer to which section 1041 applies.

(f) *Effective date*. Except as otherwise provided in this paragraph (f), this section is applicable to redemptions of stock on or after the date these regulations are published as final regulations in the **Federal Register**, except for redemptions of stock that are pursuant to instruments in effect before the date these regulations are published as final regulations in the **Federal Register**. For redemptions of stock before the date these regulations are published as final regulations in the **Federal Register** and redemptions of stock that are pursuant to instruments in effect before the date these regulations are published as final regulations in the **Federal Register**, see § 1.1041-1T(c), A-9. However, this section will be applicable to redemptions described in the preceding sentence of this paragraph (f) if the spouses or former spouses execute a written agreement on or after August 3, 2001 that satisfies the requirements of paragraph (c) of this section with respect to such redemption.

Robert Wenzel,

Deputy Commissioner of Internal Revenue.
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POSTAL SERVICE

39 CFR Part 111

Delivery of Mail to a Commercial Mail Receiving Agency

AGENCY: Postal Service.

ACTION: Notice of proposed rule; extension of comment period.

SUMMARY: The Postal Service published in the **Federal Register** (66 FR 36224-36226) on July 11, 2001, a proposal to add section D042.2.8 to the Domestic Mail Manual to identify when an office business center (OBC)(sometimes called corporate executive center) or part of its operation is considered a commercial mail receiving agency for postal purposes. The Postal Service requested

comments by August 10, 2001. Due to a request for additional time, the Postal Service is extending the comment period to September 17, 2001.

DATES: Comments on the proposed rule change must be received on or before September 17, 2001.

ADDRESSES: Written comments should be mailed to Manager, Delivery Operations, U.S. Postal Service, 475 L'Enfant Plaza SW., Room 7142, Washington, DC 20260-2802. Comments by email or fax will not be accepted. Copies of all written comments will be available for inspection and copying between 9 a.m. and 4 p.m., Monday through Friday, at the above address.

FOR FURTHER INFORMATION CONTACT: Roy E. Gamble, (202) 268-3197.

SUPPLEMENTARY INFORMATION: A representative of the OBC industry has requested an extension of time to file comments regarding the proposal published on July 11. The extension is requested to permit individual owners and officers of OBC and other interested parties to familiarize themselves with the proposal and, should they wish, prepare individual comments. The Postal Service believes that the public interest will be served by the fullest practicable exposition of views concerning this issue and accordingly extends the time for comments until September 17, 2001.

Stanley F. Mires,
Chief Counsel, Legislative.

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[OR 62-7277b, OR 71-7286b, OR-01-001b; FRL -7018-1]

Approval and Promulgation of State Implementation Plans: Oregon

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: EPA proposes to approve the State Implementation Plan (SIP) revisions submitted by Lane Regional Air Pollution Authority (LRAPA), through Oregon Department of Environmental Quality (ODEQ), for the purpose of improving the clarity, effectiveness, and enforceability of Oregon's SIP. The SIP revisions were submitted by the State to satisfy certain Federal Clean Air Act requirements

under section 110. In the Final Rules section of this **Federal Register**, EPA is approving the State's SIP submittal as a direct final rule without prior proposal because the Agency believes this as a noncontroversial SIP revision and anticipates no adverse comments. A detailed rationale for the approval is set forth in the direct final rule and in the technical support document. If no adverse comments are received in response to this action, no further activity is contemplated. If EPA receives adverse comments, the direct final rule will be withdrawn and all public comments received will be addressed in a subsequent final rule based on this proposed rule. EPA will not institute a second comment period; therefore any party interested in commenting on this action should do so at this time.

DATES: Written comments must be received in writing on or before September 4, 2001.

ADDRESSES: Written comments should be addressed to: Debra Suzuki, EPA, Office of Air Quality (OAQ-107), 1200 Sixth Avenue, Seattle, Washington 98101. Copies of the state submittals we are acting on in this action and other information supporting this action are available at the following addresses for inspection during normal business hours. Any interested person wanting to examine these documents should make an appointment with the appropriate office at least 24 hours before the visiting day: Environmental Protection Agency, Region 10, Office of Air Quality (OAQ-107), 1200 Sixth Avenue, Seattle, Washington 98101; Oregon Department of Environmental Quality, 811 SW Sixth Avenue, Portland, Oregon 97204-1390; and Lane Regional Air Pollution Authority, 1010 Main Street, Springfield, Oregon 97477.

FOR FURTHER INFORMATION CONTACT:

Debra Suzuki, EPA, Office of Air Quality (OAQ-107), 1200 Sixth Avenue, Seattle, Washington 98101, (206) 553-0985.

SUPPLEMENTARY INFORMATION: For additional information, see the Direct Final rule which is located in the Rules section of this **Federal Register**.

Dated: July 13, 2001.

Ronald A. Kreizenbeck,

Acting Regional Administrator, Region 10.

[FR Doc. 01-19321 Filed 8-2-01; 8:45 am]

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DEPARTMENT OF TRANSPORTATION

Maritime Administration

46 CFR Part 221

[Docket No. MARAD-2001-10256]

RIN 2133-AB44

Denial of Vessel Transfer to Foreign Registry Upon Revocation of Fishery Endorsement

AGENCY: Maritime Administration, Transportation.

ACTION: Notice of proposed rulemaking (NPRM).

SUMMARY: The Maritime Administration (MARAD, we, our, or us) is proposing regulations to amend 46 CFR 221.15 to state that approvals will not be granted for the transfer of a Fishing Vessel, Fish Processing Vessel, or Fish Tender Vessel to a foreign registry or operation under authority of a foreign country when the vessel's fishery endorsement has been revoked as a result of the fishing capacity reduction program for crab fisheries established by the Secretary of Commerce. Pub. L. 106-554 requires that the Secretary of Transportation shall refuse to grant the approval required under section 9(c)(2) of the Shipping Act of 1916 for the placement of a Fishing Vessel, Fish Processing Vessel, or Fish Tender Vessel under foreign registry or the operation of such vessel under the authority of a foreign country when the vessel's fishery endorsement has been revoked under the Secretary of Commerce's fishing capacity reduction program. The intended effect of this rulemaking is to clearly state in the regulation that approvals required under section 9(c)(2) of the 1916 Act will not be granted in the circumstances described.

DATES: You should submit your comments early enough to ensure that Docket Management receives them not later than October 2, 2001.

ADDRESSES: Your comments should refer to docket number [MARAD-2001-10256]. You may submit your comments in writing to: Docket Clerk, U.S. DOT Dockets, Room PL-401, 400 7th St., SW, Washington, DC 20590. You may also submit them electronically via the Internet at <http://dmses.dot.gov/submit/>. You may call Docket Management at (202) 366-9324 and visit the Docket Room from 10 a.m. to 5 p.m., EST., Monday through Friday, except Federal Holidays. An electronic version of this document is available on the World Wide Web at <http://dms.dot.gov>.

FOR FURTHER INFORMATION CONTACT: Edmund T. Sommer, Jr., Chief, Division