

(iii) Director of the Office of Energy Projects;

(iv) General Counsel;

(v) Executive Assistant to the Chairman;

(vi) Deputy Directors, Office of Markets, Tariffs and Rates, in order of seniority;

(vii) Deputy Directors, Office of Energy Projects, in order of seniority;

(viii) Deputy General Counsel;

(ix) Associate General Counsels, Assistant General Counsels and Solicitor, in order of seniority;

(x) Assistant Directors and Division heads, Office of Markets, Tariffs and Rates; Assistant Directors and Division heads, Office of Energy Projects; and Assistant General Counsels; in order of seniority.

\* \* \* \* \*

12. Section 376.206 is revised to read as follows:

**§ 376.206 Delegation of functions of certain Commission staff members.**

When, by reason of emergency conditions, the Secretary; Director of the Office of Finance, Accounting and Operations; Director of any Office or Division, or officer in charge of a regional office, is not available and capable of carrying out his functions, such functions are delegated to staff members designated by the Chairman to perform such functions. If no staff member so designated is available and capable of carrying out his functions, such functions are delegated to the next subordinate employee in the Office or Division of the highest grade and longest period of service in that grade.

13. Section 376.207 is revised to read as follows:

**§ 376.207 Personnel and fiscal functions.**

Subject to modifications or revocation by authority of the Director of the Office of Finance, Accounting and Operations, during the continuation of emergency conditions authority to effect temporary appointments of such additional officers and employees, to classify and allocate positions to their proper grades, to issue travel orders, and to effect emergency purchases of supplies, equipment and services shall be exercised by the respective Directors of Offices and officials in charge of regional offices, their deputies, or staff in line of succession, as may be required for the discharge of the lawful duties of such organization.

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**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**26 CFR Parts 1, 31, 35a, 301, 502, 503, 509, 513, 514, 516, 517, 520, 521, and 602**

[TD 8856]

RIN 1545-AX44

**General Revision of Regulations Relating to Withholding of Tax on Certain U.S. Source Income Paid to Foreign Persons and Related Collection, Refunds, and Credits; Revision of Information Reporting and Backup Withholding Regulations; and Removal of Regulations Under Parts 1 and 35a and of Certain Regulations Under Income Tax Treaties**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Final rule; delay of effective date.

**SUMMARY:** This document contains changes delaying the effective date to final regulations (TD 8734), which were published in the **Federal Register** of October 14, 1997, relating to the withholding of income tax on certain U.S. source income payments to foreign persons. The Department of the Treasury and the IRS believe it is in the best interest of tax administration to delay the effective date of the final withholding regulations to ensure that both taxpayers and the government can complete changes necessary to implement the new withholding regime. As extended by this document, the final withholding regulations will apply to payments made after December 31, 2000.

**DATES: Effective Dates:** The amendments in this final rule are effective January 1, 2001. As of December 31, 1999, the effective date of the final regulations published at 62 FR 53387, October 14, 1997, and delayed by TD 8804 (63 FR 72183, December 31, 1998), is delayed from January 1, 2000, until January 1, 2001; however, the effective date of the addition of §§ 31.9999-0 and 35a.9999-0 and the removal of § 35a.9999-0T remains October 14, 1997.

**FOR FURTHER INFORMATION CONTACT:** Laurie Hatten-Boyd, (202) 622-3840 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

The final regulations that are the subject of this amendment provide guidance under sections 1441, 1442, and 1443 of the Internal Revenue Code (Code) on certain U.S. source income

paid to foreign persons, the related tax deposit and reporting requirements under section 1461 of the Code, and the related changes under sections 163(f), 165(j), 871, 881, 1462, 1463, 3401, 3406, 6041, 6041A, 6042, 6045, 6049, 6050A, 6050N, 6109, 6114, 6402, 6413, and 6724 of the Code.

**Need for Changes**

On April 29, 1999, in Notice 99-25 (1999-20 I.R.B. 1), the IRS and Treasury announced their decision to extend the effective date of the final regulations. When originally published in the **Federal Register** on October 14, 1997 (62 FR 53387), the final regulations were applicable to payments made after December 31, 1998 and, generally, granted withholding agents until after December 31, 1999, to obtain the new withholding certificates (Forms W-8BEN, W-8ECI, W-8EXP, and W-8IMY) and statements required under those regulations. On April 13, 1998, in Notice 98-16 (1998-15 I.R.B. 12), the IRS and Treasury announced the decision to extend the effective date of the final regulations to January 1, 2000 and to provide correlative extensions to the transition rules for obtaining new withholding certificates and statements. Those extensions were published on December 31, 1998 at 63 FR 72183 as TD 8804. This amendment serves to make the final regulations applicable to payments made after December 31, 2000 and to require mandatory use of the new withholding certificates and statements for payments made after that date.

**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. Finally, it has been determined that the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply to these regulations because the regulations do not impose a collection of information on small entities. Pursuant to 7805(f) of the Code, the notice of proposed rulemaking preceding these regulations (61 FR 17614) was submitted to the Small Business Administration for comment on its impact on small business.

**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 301**

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

**Adoption of Amendments to the Regulations**

Accordingly, under the authority of 26 U.S.C. 7805, 26 CFR parts 1, 31, and 301 are amended by making the following correcting amendments:

**PART 1—INCOME TAXES**

**Par. 1.** The authority citation for part 1 continues to read in part as follows:

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

**Par. 2.** In § 1.871-14, paragraph (h) is revised to read as follows:

**§ 1.871-14 Rules relating to repeal of tax on interest of nonresident alien individuals and foreign corporations received from certain portfolio debt investments.**

\* \* \* \* \*

(h) *Effective date*—(1) *In general.* This section shall apply to payments of interest made after December 31, 2000.

(2) *Transition rule.* For purposes of this section, the validity of a Form W-8 that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a Form W-8 that is valid on or after January 1, 1999 remains valid until its validity expires under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) but in no event will such a form remain valid after December 31, 2000. The rule in this paragraph (h)(2), however, does not apply to extend the validity period of a Form W-8 that expired solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (h)(2), a withholding agent or payor may choose to not take advantage of the transition rule in this paragraph (h)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and, therefore, may choose to obtain withholding certificates conforming to the requirements described in this

section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 3.** In § 1.1441-1, as revised at 62 FR 53424 (TD 8734) and amended at 63 FR 72183 (TD 8804), paragraph (f) is revised to read as follows:

**§ 1.1441-1 Requirement for the deduction and withholding of tax on payments to foreign persons.**

\* \* \* \* \*

(f) *Effective date*—(1) *In general.* This section applies to payments made after December 31, 2000.

(2) *Transition rules*—(i) *Special rules for existing documentation.* For purposes of paragraphs (d)(3) and (e)(2)(i) of this section, the validity of a withholding certificate (namely, Form W-8, 8233, 1001, 4224, or 1078, or a statement described in § 1.1441-5 in effect prior to January 1, 2001 (see § 1.1441-5 as contained in 26 CFR part 1, revised April 1, 1999)) that was valid on January 1, 1998 under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a withholding certificate that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) but in no event will such withholding certificate remain valid after December 31, 2001. The rule in this paragraph (f)(2)(i), however, does not apply to extend the validity period of a withholding certificate that expires solely by reason of changes in the circumstances of the person whose name is on the certificate.

Notwithstanding the first three sentences of this paragraph (f)(2)(i), a withholding agent may choose to not take advantage of the transition rule in this paragraph (f)(2)(i) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement

under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999). Further, a new withholding certificate remains valid for the period specified in paragraph (e)(4)(ii) of this section, regardless of when the certificate is obtained.

(ii) *Lack of documentation for past years.* A taxpayer may elect to apply the provisions of paragraphs (b)(7)(i)(B), (ii), and (iii) of this section, dealing with liability for failure to obtain documentation timely, to all of its open tax years, including tax years that are currently under examination by the IRS. The election is made by simply taking action under those provisions in the same manner as the taxpayer would take action for payments made after December 31, 2000.

**Par. 4.** In § 1.1441-4, as amended at 62 FR 53424 (TD 8734) and at 63 FR 72183 (TD 8804), paragraph (g) is revised to read as follows:

**§ 1.1441-4 Exemptions from withholding for certain effectively connected income and other amounts.**

\* \* \* \* \*

(g) *Effective date*—(1) *General rule.* This section applies to payments made after December 31, 2000.

(2) *Transition rules.* The validity of a Form 4224 or 8233 that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2001 (see 26 CFR part 1, revised April 1, 1999) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a Form 4224 or 8233 that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2001 (see 26 CFR part 1, revised April 1, 1999) but in no event will such form remain valid after December 31, 2000. The rule in this paragraph (g)(2), however, does not apply to extend the validity period of a Form 4224 or 8223 that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (g)(2), a withholding agent may choose to not take advantage of the transition rule in this paragraph (g)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2001 (see 26 CFR part 1, revised April 1, 1999) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the

documentation requirement under the regulations in effect prior to January 1, 2001 (see 26 CFR part 1, revised April 1, 1999). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 5.** In § 1.1441-5, as revised at 62 FR 53424 (TD 8734) and amended at 63 FR 72183 (TD 8804), paragraph (g) is revised to read as follows:

**§ 1.1441-5 Withholding on payments to partnerships, trusts, and estates.**

\* \* \* \* \*

(g) *Effective date*—(1) *General rule.* This section applies to payments made after December 31, 2000.

(2) *Transition rules.* The validity of a withholding certificate that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a withholding certificate that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) but in no event will such a withholding certificate remain valid after December 31, 2000. The rule in this paragraph (g)(2), however, does not apply to extend the validity period of a withholding certificate that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (g)(2), a withholding agent may choose to not take advantage of the transition rule in this paragraph (g)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 6.** In § 1.1441-6, as revised at 62 FR 53424 (TD 8734) and amended at 63 FR 72183 (TD 8804), paragraph (g) is revised to read as follows:

**§ 1.1441-6 Claim of reduced withholding under an income tax treaty.**

\* \* \* \* \*

(g) *Effective date*—(1) *General rule.* This section applies to payments made after December 31, 2000.

(2) *Transition rules.* For purposes of this section, the validity of a Form 1001 or 8233 that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a Form 1001 or 8233 is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) but in no event will such a form remain valid after December 31, 2000. The rule in this paragraph (g)(2), however, does not apply to extend the validity period of a Form 1001 or 8233 that expires solely by reason of changes in the circumstances of the person whose name is on the certificate or in interpretation of the law under the regulations under § 1.894-1T(d). Notwithstanding the first three sentences of this paragraph (g)(2), a withholding agent may choose to not take advantage of the transition rule in this paragraph (g)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 7.** In § 1.1441-8 as redesignated and amended at 62 FR 53464 and amended at 63 FR 72138 (TD 8804), paragraph (f) is revised to read as follows:

**§ 1.1441-8 Exemption from withholding for payments to foreign governments, international organizations, foreign central banks of issue, and the Bank for International Settlements.**

\* \* \* \* \*

(f) *Effective date*—(1) *In general.* This section applies to payments made after December 31, 2000.

(2) *Transition rules.* For purposes of this section, the validity of a Form 8709 that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2001 (see 26 CFR part 1, revised April 1, 1999) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a Form 8709 that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2001 (see 26 CFR part 1, revised April 1, 1999) but in no event shall such a form remain valid after December 31, 2000. The rule in this paragraph (f)(2), however, does not apply to extend the validity period of a Form 8709 that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (f)(2), a withholding agent may choose to not take advantage of the transition rule in this paragraph (f)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2001 (see 26 CFR part 1, revised April 1, 1999) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2001 (see 26 CFR part 1, revised April 1, 1999). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 8.** In § 1.1441-9, paragraph (d) is revised to read as follows:

**§ 1.1441-9 Exemption from withholding on exempt income of a foreign tax-exempt organization, including foreign private foundations.**

\* \* \* \* \*

(d) *Effective date*—(1) *In general.* This section applies to payments made after December 31, 2000.

(2) *Transition rules.* For purposes of this section, the validity of a Form W-8, 1001, or 4224 or a statement that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a Form W-8, 1001, or 4224 or a statement that is valid on or after January 1, 1999 remains valid until its validity expires under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1,

1999) but in no event shall such form or statement remain valid after December 31, 2000. The rule in this paragraph (d)(2), however, does not apply to extend the validity period of a Form W-8, 1001, or 4224 or a statement that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (d)(2), a withholding agent may choose to not take advantage of the transition rule in this paragraph (d)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 9.** In § 1.1443-1, as revised at 62 FR 53424 (TD 8734) and amended at 63 FR 72183 (TD 8804), paragraph (c) is revised to read as follows:

**§ 1.1443-1 Foreign tax-exempt organizations.**

(c) *Effective date*—(1) *In general.* This section applies to payments made after December 31, 2000.

(2) *Transition rules.* For purposes of this section, the validity of an affidavit or opinion of counsel described in § 1.1443-1(b)(4)(i) in effect prior to January 1, 2001 (see § 1.1443-1(b)(4)(i) as contained in 26 CFR part 1, revised April 1, 1999) is extended until December 31, 2000. However, a withholding agent may choose to not take advantage of the transition rule in this paragraph (c)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2001 (see 26 CFR part 1, revised April 1, 1999) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2001 (see 26 CFR part 1, revised April 1, 1999). Further, a new withholding certificate remains valid for the period

specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 10.** In § 1.6042-3, as amended at 62 FR 53424 (TD 8734) and amended at 63 FR 72183 (TD 8804), paragraph (b)(5) is revised to read as follows:

**§ 1.6042-3 Dividends subject to reporting.**

(b) *Effective date*—(i) *General rule.* The provisions of this paragraph (b) apply to payments made after December 31, 2000.

(ii) *Transition rules.* The validity of a withholding certificate (namely, Form W-8 or other form upon which the payor is permitted to rely to hold the payee as a foreign person) that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a withholding certificate that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) but in no event shall such withholding certificate remain valid after December 31, 2000. The rule in this paragraph (b)(5)(ii), however, does not apply to extend the validity period of a withholding certificate that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (b)(5)(ii), a payor may choose to not take advantage of the transition rule in this paragraph (b)(5)(ii) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 11.** In § 1.6045-1, as amended at 62 FR 53424 (TD 8734) and amended at 63 FR 72183 (TD 8804), paragraph (g)(5) is revised to read as follows:

**§ 1.6045-1 Returns of information of brokers and barter exchanges.**

(g) *Effective date*—(i) *General rule.* The provisions of this paragraph (g) apply to payments made after December 31, 2000.

(ii) *Transition rules.* The validity of a withholding certificate (namely, Form W-8 or other form upon which the payor is permitted to rely to hold the payee as a foreign person) that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a withholding certificate that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) but in no event shall such a withholding certificate remain valid after December 31, 2000. The rule in this paragraph (g)(5)(ii), however, does not apply to extend the validity period of a form that expires in 1998 solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (g)(5)(ii), a payor may choose to not take advantage of the transition rule in this paragraph (g)(5)(ii) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and, therefore, to require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**Par. 12.** In § 1.6049-5, as amended at 62 FR 53424 (TD 8734) and amended at 63 FR 72183 (TD 8804), paragraph (g) is revised to read as follows:

**§ 1.6049-5 Interest and original issue discount subject to reporting after December 31, 1982.**

(g) *Effective date*—(1) *General rule.* The provisions of paragraphs (b)(6) through (15), (c), (d), and (e) of this

section apply to payments made after December 31, 2000.

(2) *Transition rules.* The validity of a withholding certificate (namely, Form W-8 or other form upon which the payor is permitted to rely to hold the payee as a foreign person) that was valid on January 1, 1998, under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and expired, or will expire, at any time during 1998, is extended until December 31, 1998. The validity of a withholding certificate that is valid on or after January 1, 1999, remains valid until its validity expires under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) but in no event shall such a withholding certificate remain valid after December

31, 2000. The rule in this paragraph (g)(2), however, does not apply to extend the validity period of a withholding certificate that expires solely by reason of changes in the circumstances of the person whose name is on the certificate. Notwithstanding the first three sentences of this paragraph (g)(2), a payor may choose not to take advantage of the transition rule in this paragraph (g)(2) with respect to one or more withholding certificates valid under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999) and, therefore, may require withholding certificates conforming to the requirements described in this section (new withholding certificates). For purposes

of this section, a new withholding certificate is deemed to satisfy the documentation requirement under the regulations in effect prior to January 1, 2001 (see 26 CFR parts 1 and 35a, revised April 1, 1999). Further, a new withholding certificate remains valid for the period specified in § 1.1441-1(e)(4)(ii), regardless of when the certificate is obtained.

**PARTS 1, 31, AND 301—[AMENDED]**

**Par. 13.** In the list below, for each section indicated in the left column (which was added, revised, or amended at 62 FR 53387 (TD 8734) and further amended at 63 FR 72138 (TD 8804), remove the language in the middle column and add the language in the right column:

Section	Remove	Add
1.871-14(c)(3)(ii), <i>Example</i> , first and sixth sentences	October 12, 2000	October 12, 2001.
1.871-14(c)(3)(ii), <i>Example</i> , sixth sentence	December 31, 2000	December 31, 2001.
1.871-14(c)(3)(ii), <i>Example</i> , sixth sentence	June 15, 2004	June 15, 2005.
1.871-14(c)(3)(ii), <i>Example</i> , seventh sentence	June 15, 2004	June 15, 2005.
1.1441-1(b)(4)(xix)	January 1, 2000	January 1, 2001.
1.1441-1(b)(4)(xix)	April 1, 1998	April 1, 1999.
1.1441-1(b)(7)(v), <i>Example 1</i> , first, fourth, and eighth sentences	June 15, 2000	June 15, 2001.
1.1441-1(b)(7)(v), <i>Example 1</i> , third and ninth sentences	September 30, 2002	September 30, 2003.
1.1441-1(b)(7)(v), <i>Example 1</i> , ninth sentence	March 15, 2001	March 15, 2002.
1.1441-1(b)(7)(v), <i>Example 2</i> , first, fourth, and seventh sentences	June 15, 2000	June 15, 2001.
1.1441-1(b)(7)(v), <i>Example 2</i> , third and seventh sentences	September 30, 2002	September 30, 2003.
1.1441-1(b)(7)(v), <i>Example 2</i> , seventh and ninth sentences	March 15, 2001	March 15, 2002.
1.1441-1(c)(6)(ii)(B)	January 1, 2000	January 1, 2001.
1.1441-1(c)(6)(ii)(B)	April 1, 1998	April 1, 1999.
1.1441-1(e)(4)(ii)(A)	September 30, 2000	September 30, 2001.
1.1441-1(e)(4)(ii)(A)	December 31, 2003	December 31, 2004.
1.1441-2(b)(3)(iv)	December 31, 1999	December 31, 2000.
1.1441-2(f)	December 31, 1999	December 31, 2000.
1.1441-3(h)	December 31, 1999	December 31, 2000.
1.1441-7(g)	December 31, 1999	December 31, 2000.
1.1461-1(i)	December 31, 1999	December 31, 2000.
1.1461-2(a)(4), <i>Example 1</i> (i), second sentence	December 2000	December 2001.
1.1461-2(a)(4), <i>Example 1</i> (i), third sentence	February 10, 2001	February 10, 2002.
1.1461-2(a)(4), <i>Example 1</i> (ii), first, second, and last sentences	2000	2001.
1.1461-2(a)(4), <i>Example 1</i> (ii), first sentence	March 15, 2001	March 15, 2002.
1.1461-2(a)(4), <i>Example 1</i> (ii), third sentence	2001	2002.
1.1461-2(a)(4), <i>Example 2</i> , second and last sentences	2001	2002.
1.1461-2(a)(4), <i>Example 2</i> , second sentence	June 2001	June 2002.
1.1461-2(a)(4), <i>Example 2</i> , third sentence	July 15, 2001	July 15, 2002.
1.1461-2(a)(4), <i>Example 2</i> , third sentence	2000	2001.
1.1461-2(a)(4), <i>Example 2</i> , last sentence	March 15, 2002	March 15, 2003.
1.1461-2(a)(4), <i>Example 3</i> , last sentence	February 15, 2001	February 15, 2002.
1.1461-2(a)(4), <i>Example 3</i> , last sentence	March 15, 2001	March 15, 2002.
1.1461-2(d)	December 31, 1999	December 31, 2000.
1.1462-1(c)	December 31, 1999	December 31, 2000.
1.1463-1(b)	December 31, 1999	December 31, 2000.
1.6041-4(d)	December 31, 1999	December 31, 2000.
1.6041A-1(d)(3)(v)	December 31, 1999	December 31, 2000.
1.6045-1(d)(6)(ii)(B)	December 31, 1999	December 31, 2000.
1.6049-4(d)(3)(ii)(B)	December 31, 1999	December 31, 2000.
1.6049-5(c)(4)(v)	January 1, 2000	January 1, 2001.
1.6050N-1(e), last sentence	December 31, 1999	December 31, 2000.
31.3401(a)(6)-1(e), paragraph heading	January 1, 2000	January 1, 2001.
31.3401(a)(6)-1(e), first sentence	January 1, 2000	January 1, 2001.
31.3401(a)(6)-1(f), paragraph heading	December 31, 1999	December 31, 2000.
31.3401(a)(6)-1(f), first sentence	December 31, 1999	December 31, 2000.
31.3406(g)-1(e), first sentence	December 31, 1999	December 31, 2000.
31.3406(h)-2(d), penultimate sentence	December 31, 1999	December 31, 2000.
31.9999-0	January 1, 2000	January 1, 2001.

Section	Remove	Add
301.6114-1(b)(4)(ii)(C), introductory text .....	December 31, 1999 .....	December 31, 2000.
301.6114-1(b)(4)(ii)(D) .....	December 31, 1999 .....	December 31, 2000.
301.6724-1(g)(2) Q-11 .....	January 1, 2000 .....	January 1, 2001.
301.6724-1(g)(2) Q-11 .....	April 1, 1998 .....	April 1, 1999.
301.6724-1(g)(2) A-11 .....	January 1, 2000 .....	January 1, 2001.
301.6724-1(g)(2) A-11 .....	April 1, 1998 .....	April 1, 1999.
301.6724-1(g)(3), first sentence .....	December 31, 1999 .....	December 31, 2000.
301.6724-1(g)(3), last sentence .....	January 1, 2000 .....	January 1, 2001.
301.6724-1(g)(3), last sentence .....	April 1, 1998 .....	April 1, 1999.

**Robert E. Wenzel**,  
*Deputy Commissioner of Internal Revenue.*  
 Approved: December 21, 1999.  
**Jonathan Talisman**,  
*Acting Assistant Secretary of the Treasury*  
*(Tax Policy).*  
 [FR Doc. 99-33515 Filed 12-29-99; 8:45 am]  
 BILLING CODE 4830-01-P

**PANAMA CANAL COMMISSION**  
**35 CFR Chapter I, Subchapters B and C**  
**Repeal of the Panama Canal Commission's General Regulations and Shipping and Navigation Regulations**  
**AGENCY:** Panama Canal Commission.  
**ACTION:** Final rule.

**SUMMARY:** This action repeals the Commission's public regulations in the Code of Federal Regulations (CFR), Subchapters B (General Regulations) and C (Shipping and Navigation) and discontinues the U.S. Government's responsibility for health, sanitation, postal money orders, and shipping and navigation in the Panama Canal. This action does not terminate the Commission's liability for marine vessel claims which arise prior to Noon, December 31, 1999.  
**DATES:** Effective 12:00 Noon, December 31, 1999.  
**FOR FURTHER INFORMATION CONTACT:** Jay Sieleman, Assistant General Counsel, Panama Canal Commission, Office of Transition Administration c/o U.S. Embassy, Panama APO AA 34002. The telephone number is 272-6625. The facsimile number is 272-6621.  
**SUPPLEMENTARY INFORMATION:** In compliance with the Panama Canal Treaty of 1977 and Public Law 96-70, as amended, (22 U.S.C. 3601 *et seq.*) the United States Government will turn over the operation, maintenance, and management of the Panama Canal to the Government of Panama at Noon, December 31, 1999. The regulations published in 35 CFR subchapters B and C are directly related to the operation,

maintenance and management of the Panama Canal or to functions performed by the Panama Canal Government prior to the Panama Canal Treaty of 1977. With the termination of the Commission's responsibility for these functions, the Commission is revoking the applicable regulations to avoid confusion on the part of customers seeking guidance on the use of the Panama Canal or its related areas.  
 Persons and organizations interested in obtaining information regarding the operation, maintenance and management of the Panama Canal after 12:00 Noon, December 31, 1999, should contact the Government of Panama agency established for these purposes. This agency is the Panama Canal Authority, Balboa, Ancon, Republic of Panama. The mailing address is: Panama Canal Authority, Office of General Counsel Marine Accident Claims, PCA GC-GCCL, P. O. Box 025413, Miami FL 33102-5413.  
 Persons or organizations with claims against the Panama Canal Commission for marine vessel accidents which arise prior to Noon, 31 December 1999, should contact David L. Terzian, Torts Branch, Civil Division, U.S. Department of Justice, 1425 New York Avenue, NW, Room 3046, Washington, DC 2005. The telephone number is (202) 616-4137.  
 This rule involves agency management functions and, therefore, is not subject to the procedures required by 5 U.S.C 553 and 801. It is also exempt from review under Executive Order 12866 but has been reviewed internally by the Commission to ensure consistency with the purposes thereof. This amendment has been found to be a minor rule within the meaning of the Small Business Regulatory Enforcement Fairness Act of 1996, Public Law 104-121. It does not require analysis under the Regulatory Flexibility Act or the Unfunded Mandates Reform Act.  
**Authority:** 22 U.S.C. 3602.  
 Accordingly, for the reasons set forth above, at noon, December 31, 1999, in accordance with the Panama Canal Treaty of 1977, 35 CFR chapter I is amended by removing subchapters B

(parts 60 through 70) and C (parts 101 through 135).  
 Dated: December 23, 1999.  
**William J. Connolly**,  
*Secretary, Panama Canal Commission.*  
 [FR Doc. 99-33908 Filed 12-29-99; 8:45 am]  
 BILLING CODE 3640-01-P

**DEPARTMENT OF VETERANS AFFAIRS**  
**38 CFR Part 20**  
**RIN 2900-AJ98**  
**Board of Veterans' Appeals: Rules of Practice—Revision of Decisions on Grounds of Clear and Unmistakable Error; Clarification**  
**AGENCY:** Department of Veterans Affairs.  
**ACTION:** Final rule.

**SUMMARY:** This document amends the Rules of Practice of the Board of Veterans' Appeals governing the revision of Board decisions on the grounds of clear and unmistakable error. By this amendment, we clarify that, in the case of a Board decision on more than one issue, the Board's decision on issues appealed to and decided by a court of competent jurisdiction is not subject to subsequent revision on the grounds of clear and unmistakable error, but the Board's decision on issues not appealed to or decided by a court of competent jurisdiction is subject to such revision.  
**DATES:** *Effective Date:* February 12, 1999.  
**FOR FURTHER INFORMATION CONTACT:** Steven L. Keller, Senior Deputy Vice Chairman, Board of Veterans' Appeals, Department of Veterans Affairs, 810 Vermont Avenue, NW, Washington, DC 20420, (202) 565-5978.  
**SUPPLEMENTARY INFORMATION:** On May 19, 1998, we published a notice of proposed rulemaking in the **Federal Register** (63 FR 27534). We proposed to implement section 1(b) of Pub. L. 105-111 (Nov. 21, 1997), which permits challenges to Board of Veterans' Appeals (Board) decisions on the