



This document is scheduled to be published in the Federal Register on 12/28/2012 and available online at <http://federalregister.gov/a/2012-31046>, and on FDsys.gov

[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG 155929-06]

RIN 1545-BL44

Payout Requirements for Type III Supporting Organizations That Are Not Functionally Integrated

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Partial withdrawal of notice of proposed rulemaking and notice of proposed rulemaking by cross-reference to temporary regulation.

SUMMARY: This document withdraws portions of the notice of proposed rulemaking published on September 24, 2009, relating to the payout requirements for Type III supporting organizations that are not functionally integrated. The withdrawal affects Type III supporting organizations that are not functionally integrated. In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations regarding the requirements to qualify as a Type III supporting organization that is operated in connection with one or more supported organizations. Those regulations reflect changes to the law made by the Pension Protection Act of 2006 and will affect Type III supporting organizations and their supported organizations. The text of those temporary regulations published in this issue of the **Federal Register** also serves as the text of these proposed regulations.

DATES: Written or electronic comments and requests for a public hearing must be received by **[INSERT DATE 90 DAYS AFTER PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER]**.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG-155929-06), 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-155929-06), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC, or sent electronically via the Federal eRulemaking Portal at <http://www.regulations.gov/> (IRS REG-155929-06).

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Preston J. Quesenberry at (202) 622-6070; concerning submissions of comments and requests for a public hearing, Oluwafunmilayo Taylor at (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

Final and temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** contain amendments to the Income Tax Regulations (26 CFR part 1) regarding organizations described in section 509(a)(3) of the Internal Revenue Code (Code), which are known as supporting organizations. The final and temporary regulations provide requirements to qualify as a supporting organization that is operated in connection with one or more supported organizations (called "Type III Supporting Organizations").

Those regulations reflect changes to the law made by the Pension Protection Act of 2006, Public Law 109-280 (120 Stat. 780 (2006)), and will affect Type III supporting organizations and their supported organizations. The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the final and temporary regulations explains the temporary regulations and these proposed regulations.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866, as supplemented by Executive Order 13563. 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, and because these regulations do 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 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 these proposed regulations are adopted as final regulations, consideration will be given to any electronic comments or written comments (a signed original and eight (8) copies) that are submitted timely to the IRS. The Treasury Department and the IRS request comments on all aspects of the proposed rules. All comments that are submitted by the public will be available

for public inspection and copying at www.regulations.gov or upon request. A public hearing may be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the **Federal Register**.

Drafting Information

The principal authors of these regulations are Preston J. Quesenberry, and Stephanie N. Robbins, Office of Associate Chief Counsel (Tax-Exempt and Government Entities). However, other personnel from the Treasury Department and the IRS participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Partial Withdrawal of Notice of Proposed Rulemaking

Accordingly, under the authority of 26 U.S.C. 7805, §§1.509(a)-4(i)(5)(ii)(B) and 1.509(a)-4(i)(8) of the notice of proposed rulemaking (REG-155929-06) that was published in the **Federal Register** on September 24, 2009, (78 FR 48672) are withdrawn.

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

PART 1--INCOME TAXES

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

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

Par. 2. Section 1.509(a)-4 is amended by revising paragraphs (i)(5)(ii)(B), (i)(5)(ii)(C), and (i)(8) to read as follows:

§1.509(a)-4 Supporting organizations.

* * * * *

(i) * * *

(5) * * *

(ii) * * *

(B) [The text of proposed amendments to §1.509(a)-4(i)(5)(ii)(B) is the same as the text of §1.509(a)-4T(i)(5)(ii)(B) published elsewhere in this issue of the **Federal Register**].

(C) [The text of proposed amendments to §1.509(a)-4(i)(5)(ii)(C) is the same as the text of §1.509(a)-4T(i)(5)(ii)(C) published elsewhere in this issue of the **Federal Register**].

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(8) [The text of proposed amendments to §1.509(a)-4(i)(8) is the same as the text of §1.509(a)-4T(i)(8) published elsewhere in this issue of the **Federal Register**].

Steven T. Miller
Deputy Commissioner for Services and Enforcement.

[FR Doc. 2012-31046 Filed 12/21/2012 at 4:15 pm; Publication Date: 12/28/2012]