

**DEPARTMENT OF THE TREASURY**

**Internal Revenue Service**

**26 CFR Part 1**

[TD 9353]

RIN 1545-BC67

**Section 1045 Application to Partnerships; Correction**

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

**ACTION:** Correcting amendments.

**SUMMARY:** This document contains corrections to final regulations (TD 9353) that were published in the **Federal Register** on Tuesday, August 14, 2007 (72 FR 45346) relating to the application of section 1045 of the Internal Revenue Code to partnerships and their partners.

**DATES:** This correction is effective October 10, 2007.

**FOR FURTHER INFORMATION CONTACT:** Jian H. Grant at (202) 622-3050 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:**

**Background**

The final regulations that are the subject of this correction are under section 1045 of the Internal Revenue Code.

**Need for Correction**

As published, final regulations (TD 9353) contain errors that may prove to be misleading and are in need of clarification.

**List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

**Correction of Publication**

■ Accordingly, 26 CFR part 1 is corrected by making the following amendments:

**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 1.1045-1 is amended by revising the last sentence of paragraph (c)(1)(i), the subtitle of paragraph (c)(2)(i), the first five sentences of paragraph (h)(3)(i) *Example 3.(i)*, the fourth sentence of (h)(3)(i) *Example 5.(v)*, and the first sentence of (h)(3)(i) *Example 12.(ii)* to read as follows:

**§ 1.1045-1 Application to partnerships.**

\* \* \* \* \*

(c) \* \* \*  
 (1) \* \* \*  
 (i) \* \* \* A taxpayer other than a C corporation that sells QSB stock held for more than 6 months at the time of the sale may elect in accordance with paragraph (h) of this section to apply section 1045 if replacement QSB stock is purchased by a purchasing partnership (including a selling partnership).

\* \* \* \* \*

(2) \* \* \*  
 (i) *General rule.*

\* \* \* \* \*

(h) \* \* \*

(3) \* \* \*

(i) \* \* \*

*Example 3.* \* \* \*

(i) On January 1, 2008, A, an individual, and B, an individual, each contribute \$500 to UTP (upper-tier partnership) for equal partnership interests. On February 1, 2008, UTP and C, an individual, each contribute \$1,000 to LTP (lower-tier partnership) for equal partnership interests. On March 1, 2008, LTP purchases QSB stock for \$500. On April 1, 2008, D, an individual, joins UTP by contributing \$500 to UTP for a 1/3 interest in UTP. On December 1, 2008, LTP sells the QSB stock for \$2,000. \* \* \*

\* \* \* \* \*

*Example 5.* \* \* \*

(v) \* \* \* In accordance with the principles of § 1.743-1(j)(3), the amount of A's gain from the March 30, 2009, sale of replacement QSB1 stock in which A has a \$200 negative basis adjustment equals \$300 (A's share of PRS' gain from the sale of replacement QSB1 stock (\$100), increased by the amount of A's negative basis adjustment for replacement QSB1 stock (\$200)). \* \* \*

\* \* \* \* \*

*Example 12.* \* \* \*

(ii) Because A purchased within 60 days of PRS' sale of the QSB stock, replacement QSB stock for a cost equal to A's share of the partnership's amount realized on the sale of the QSB stock, and because A made a valid election to apply section 1045 with respect to A's share of the gain from PRS' sale of the QSB stock, A does not recognize A's \$100 distributive share of the gain from PRS' sale of the QSB stock. \* \* \*

\* \* \* \* \*

**LaNita Van Dyke,**  
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**BILLING CODE 4830-01-P**

**DEPARTMENT OF HOMELAND SECURITY**

**Coast Guard**

**33 CFR Part 117**

[CGD01-07-136]

**Drawbridge Operation Regulations; Kennebec River, Bath and Woolwich, ME**

**AGENCY:** Coast Guard, DHS.

**ACTION:** Notice of temporary deviation from regulations.

**SUMMARY:** The Commander, First Coast Guard District, has issued a temporary deviation from the regulation governing the operation of the Carlton Bridge across the Kennebec River at mile 14.0, between Bath and Woolwich, Maine. Under this temporary deviation the Carlton Bridge may remain in the closed position from 6:30 a.m. to 6:30 p.m. for seven days; October 1, 2, 8, 9, 15, 16, and 22, 2007, to facilitate bridge painting operations. Vessels that can pass under the draw without a bridge opening may do so at all times. This deviation is necessary to facilitate bridge painting.

**DATES:** This deviation is effective from October 1, 2007 through October 22, 2007.

**ADDRESSES:** Materials referred to in this document are available for inspection or copying at the First Coast Guard District, Bridge Branch Office, 408 Atlantic Avenue, Boston, Massachusetts 02110, between 7 a.m. and 3 p.m., Monday through Friday, except Federal holidays. The telephone number is (617) 223-8364. The First Coast Guard District Bridge Branch Office maintains the public docket for this temporary deviation.

**FOR FURTHER INFORMATION CONTACT:** John McDonald, Project Officer, First Coast Guard District, at (617) 223-8364.

**SUPPLEMENTARY INFORMATION:** The Carlton Bridge, across the Kennebec River, mile 14.0, between Bath and Woolwich, Maine, has a vertical clearance in the closed position of 10 feet at mean high water and 16 feet at mean low water. The existing drawbridge operation regulations are listed at 33 CFR 117.525.

The owner of the bridge, Maine Department of Transportation, requested a temporary deviation to facilitate bridge painting operations at the Carlton Bridge.

The bridge painting will be performed on the lift span end sections which requires the lift span to be raised up 6 feet and locked in that position in order