

[4830-01-u]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-106386-98]

RIN 1545-AW52

Retention of Income Tax Return Preparers' Signatures

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations.

SUMMARY: In the Rules and Regulations section of this issue of the **Federal Register**, the IRS is issuing temporary regulations relating to the retention of income tax return preparers' signatures. The text of those temporary regulations also serves as the text of these proposed regulations.

DATES: Written comments and requests for a public hearing must be received by March 31, 1999. The IRS and Treasury Department request comments on the clarity of the proposed rules and how they can be made easier to understand.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (REG-106386-98), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to CC:DOM:CORP:R (REG-106386-98), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC.

Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home

Page, or by submitting comments directly to the IRS Internet site at [http://www.irs.ustreas.gov/prod/tax\\_regs/comments.html](http://www.irs.ustreas.gov/prod/tax_regs/comments.html).

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, Marc C. Porter, (202) 622-4940; concerning submissions, LaNita Van Dyke, (202) 622-7190 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

### **Background**

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend Income Tax Regulations (26 CFR part 1) under section 6695(b) of the Internal Revenue Code. These regulations require an income tax return preparer to keep a manually signed (by the preparer) copy of a return or claim for refund if the preparer presented to the taxpayer for signature a return or claim with a copy of the preparer's manual signature.

The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations.

### **Special Analyses**

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in EO 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, and because the 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 Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

**Proposed Effective Date**

The proposed regulations are proposed to be effective for returns or claims for refund presented to a taxpayer for signature after December 31, 1998 and for returns or claims retained on or before that date.

**Comments and Requests for a Public Hearing**

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and 8 copies) that are submitted timely to the IRS. All comments will be available for public inspection and copying. 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 hearing will be published in the **Federal Register**.

**Drafting Information**

The principal author of these regulations is Marc C. Porter, Office of Assistant Chief Counsel (Income Tax & Accounting). However, other personnel from the IRS and Treasury Department participated in its development.

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

Income taxes, Reporting and recordkeeping requirements.

**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 1.6695-1 is amended by:

1. Revising paragraph (b)(4)(i).
2. Adding paragraph (g).

The revision and addition read as follows:

§1.6695-1 Other assessable penalties with respect to the preparation of income tax returns for other persons.

\* \* \* \* \*

(b) \* \* \*

(4)(i) [The text of proposed paragraph (b)(4)(i) is the same as the text of §1.6695-1T(b)(4)(i) published elsewhere in this issue of the **Federal Register**].

\* \* \* \* \*

(g) [The text proposed paragraph (g) is the same as the text of §1.6695-1T(g) published elsewhere in this issue of the **Federal Register**].

Robert E. Wenzel

Deputy Commissioner of Internal Revenue