

PART 1208—[AMENDED]

1. The authority citation for Part 1208 continues to read as follows:

Authority: 23 U.S.C. 158; delegation of authority at 49 CFR 1.48 and 1.50.

2. Section 1208.4 is revised to read as follows:

§ 1208.4 Adoption of National Minimum Drinking Age.

The Secretary shall withhold ten percent of the amount required to be apportioned to any State under each of §§ 104(b)(1), 104(b)(2), 104(b)(5) and 104(b)(6) of title 23 U.S.C. on the first day of each fiscal year in which the purchase or public possession in such State of any alcoholic beverage by a person who is less than twenty-one years of age is lawful.

3. Section 1208.5 is revised to read as follows:

§ 1208.5 Unavailability of withheld funds.

Funds withheld under § 1208.4 from apportionment to any State will not be available for apportionment to the State.

§§ 1208.6—1208.8 [Removed]

4. Sections 1208.6 through 1208.8 are removed.

§ 1208.9 [Redesignated as § 1208.6]

5. Section 1208.9 is redesignated as 1208.6.

Issued on: December 18, 1995.

Rodney E. Slater,
Administrator, Federal Highway Administration.

Ricardo Martinez,
Administrator, National Highway Traffic Safety Administration

[FR Doc. 95-31118 Filed 12-20-95; 8:45 am]

BILLING CODE 4910-59-P

DEPARTMENT OF TREASURY**Internal Revenue Service****26 CFR Part 1**

[TD 8647]

RIN 1545-AS51

Withholding of Tax on Dispositions of U.S. Real Property Interests by Foreign Persons

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to withholding upon certain distributions or dispositions of U.S. real property interests. These regulations reflect changes to the law

made by the Omnibus Budget Reconciliation Act of 1993 and affect withholding agents required to withhold tax due on certain dispositions and distributions of U.S. real property interests.

DATES: These final regulations are effective January 22, 1996. These regulations are applicable to transactions occurring after August 9, 1993.

FOR FURTHER INFORMATION CONTACT: Gwendolyn A. Stanley (202) 622-3860 (not a toll free-call).

SUPPLEMENTARY INFORMATION:**Background**

This document contains final regulations reflecting changes made by the Omnibus Budget Reconciliation Act of 1993 to the withholding rates on certain distributions and dispositions of U.S. real property interests. These regulations were not preceded by a Notice of Proposed Rulemaking because the withholding rates were changed by the Act. This document also updates the address of the Assistant Commissioner (International) to whom various forms must be sent.

Explanation of Provisions

The rate of withholding under section 1445(e) (1) and (2) of the Internal Revenue Code was increased from 34% to 35% by the Omnibus Budget Reconciliation Act of 1993. The existing regulations reflect the prior 34% withholding rate. These regulations reflect the increase in withholding to 35% (or the highest rate specified in section 1445(e) (1) or (2)) for dispositions occurring on or after August 10, 1993.

Special Analyses

It has been determined that this Treasury decision 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) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply to these regulations, and, therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, these final regulations were submitted to the Small Business Administration for comment on their impact on small business.

Drafting Information

The principal author of these regulations is Gwendolyn Stanley, Office of Associate Chief Counsel

(International), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

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

Section 1.1445-5 also issued under 26 U.S.C. 1445(e)(6).

Section 1.1445-8 also issued under 26 U.S.C. 1445(e)(6). * * *

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

Par. 2. In section 1.1445-1, the section heading and paragraph (g)(10) are revised to read as follows:

§ 1.1445-1 Withholding on dispositions of U.S. real property interests by foreign persons: In general.

* * * * *

(g) * * *

(10) *Address of the Assistant Commissioner International.* Any written communication directed to the Assistant Commissioner (International) is to be addressed as follows: Director, Philadelphia Service Center; 11601 Roosevelt Blvd.; Philadelphia, PA 19255; ATTN: Drop Point 543X.

Par. 3. Section 1.1445-5 is amended as follows:

1. Paragraph (c)(1)(ii) is revised.

2. The third sentence and the last sentence of paragraph (c)(1)(iii)(A) are revised.

3. Paragraph (c)(1)(iii)(B) is removed.

4. Paragraph (c)(1)(iii)(C) is redesignated as (c)(1)(iii)(B) and revised.

5. Paragraph (c)(1)(iv) is revised.

6. Paragraph (c)(3)(ii) is revised.

7. The first sentence of paragraph (d)(1) is revised.

8. The second sentence of paragraph (d)(1) is removed.

The revisions read as follows:

§ 1.1445-5 Special rules concerning distributions and other transactions by corporations, partnerships, trusts, and estates.

* * * * *

(c)(1) * * *

(ii) *Disposition by partnership.* A partnership must withhold a tax equal to 35 percent (or the highest rate specified in section 1445(e)(1)) of each foreign partner's distributive share of the gain realized by the partnership upon the disposition of each U.S. real