

## § 1.9006

same meaning as when used in the Internal Revenue Code of 1954 (or the corresponding provisions of prior law) except where otherwise distinctly expressed or manifestly intended to the contrary. Further, all provisions of law contained in the Code (or the corresponding provisions of prior law) shall apply to the extent that they can apply. Thus, all the provisions of subtitle F of the Code (and the corresponding provisions of prior law) shall apply to the extent they can apply, including the provisions of law relating to assessment, collection, credit or refund, and limitations. For purposes of this section and §§ 1.9005-1 to 1.9005-4, inclusive, the term "Act" means the Act of September 26, 1961 (Pub. L. 87-321, 75 Stat. 683).

(Sec. 2(f), 75 Stat. 683; 26 U.S.C. 613 note)

[T.D. 6583, 26 FR 12079, Dec. 16, 1961]

### TAX REFORM ACT OF 1969

#### § 1.9006 Statutory provisions; Tax Reform Act of 1969.

Section 946 of the Tax Reform Act of 1969 (83 Stat. 729) provides as follows:

SEC. 946. *Interest and penalties in case of certain taxable years*—(a) *Interest on underpayment*. Notwithstanding section 6601 of the Internal Revenue Code of 1954, in the case of any taxable year ending before the date of the enactment of this Act, no interest on any underpayment of tax, to the extent such underpayment is attributable to the amendments made by this Act, shall be assessed or collected for any period before the 90th day after such date.

(b) *Declarations of estimated tax*. In the case of a taxable year beginning before the date of the enactment of this Act, if any taxpayer is required to make a declaration or amended declaration of estimated tax, or to pay any amount or additional amount of estimated tax, by reason of the amendments made by this Act, such amount or additional amount shall be paid ratably on or before each of the remaining installment dates for the taxable year beginning with the first installment date on or after the 30th day after such date of enactment. With respect to any declaration or payment of estimated tax before such first installment date, sections 6015, 6154, 6654, and 6655 of the Internal Revenue Code of 1954 shall be applied without regard to the amendments made by this Act. For purposes of this subsection, the term "installment date" means any date on which, under section 6153 or 6154 of such Code (whichever is applicable), an installment payment of esti-

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mated tax is required to be made by the taxpayer.

[T.D. 7088, 36 FR 3052, Feb. 17, 1971]

#### § 1.9006-1 Interest and penalties in case of certain taxable years.

(a) *Interest on underpayment*. The Internal Revenue Code of 1954 was amended in many important respects by the Tax Reform Act of 1969. Certain of these amendments affect taxable years ending prior to December 30, 1969 (the date of enactment of the Act) and thereby may cause underpayments of tax by a number of taxpayers for those years. Under section 6601(a) of the Code, interest at the rate of 6 percent per annum is imposed upon the amount of any such underpayment. The effect of section 946(a) of the Act is to prevent the assessment or collection of interest on an underpayment of tax for any taxable year ending before December 30, 1969, if such underpayment is attributable to any amendment made by such Act, for the period from the due date for payment until March 30, 1970. Thus, the taxpayer is afforded an interest-free period of 90 days from the date of enactment of such Act within which to account for the changes in the law affecting him and to remit the amount of such underpayment. If, on or after March 30, 1970, the amount of any underpayment (or portion thereof) attributable to an amendment made by the Act remains unpaid, then, as of such date, such underpayment (or portion thereof) shall be subject to interest as provided by section 6601 of the Code, to be computed from such date. However, if a corporation or farmers' cooperative elects to pay its final tax in two installments under section 6152 of the Code and if the second installment is due after March 30, 1970, then, in order to escape the imposition of interest under section 6601, such corporation or cooperative need pay only one-half of the additional tax arising from an amendment made by the Act before March 30, 1970, with the remaining one-half payable as part of the second installment on the regular due date for that installment. In the case of an underpayment of tax which is only partly attributable to an amendment made by the Act, section 946(a) of such Act shall

apply only to the extent that such underpayment is so attributable.

(b) *Declarations and payments of estimated tax.* (1) In the case of a taxable year beginning before December 30, 1969, section 946(b) of the Tax Reform Act of 1969 provides transitional rules with respect to the payment of estimated tax and, in the case of an individual, the filing of a declaration of estimated tax. Under such section 946(b) in the case of such a year, if any taxpayer is required to make a declaration or amended declaration of estimated tax, or to pay any amount or additional amount of estimated tax, by reason of the amendments made by the Act, such amount or additional amount shall be paid ratably on or before each of the remaining installment dates for the taxable year beginning with the first installment date on or after February 15, 1970. For purposes of section 946(b) of such Act and this section, the term "installment date" means any date on which, under section 6153 or 6154 of the Code (whichever is applicable), an installment payment of estimated tax is required to be made by the taxpayer.

(2) With respect to any declaration or payment of estimated tax before February 15, 1970, sections 6015, 6153, 6154, 6654, and 6655 of the Code shall be applied without regard to the amendments made by such Act. Therefore, any underpayment which occurs solely by reason of the amendments made by such Act shall not be treated as an underpayment in the case of installment dates before February 15, 1970. Similarly, in the case of a taxpayer all of whose installment dates occur prior to February 15, 1970, no payment of estimated tax need be made to reflect the amendments made by such Act.

(3) The following example illustrates the application of the provisions of subparagraphs (1) and (2) of this paragraph:

*Example.* A, a fiscal year taxpayer with a taxable year from July 1, 1969, through June 30, 1970, had, without regard to the enactment of the Tax Reform Act of 1969, a total tax liability, which would have been shown on his return, of \$500. A is not a farmer or fisherman described in section 6037(b). A's tax liability is increased by \$20 to \$520, attributable to an amendment made by such Act. A makes an installment payment of es-

timated tax of \$90 on each of the following four installment dates: October 15, 1969; December 15, 1969; March 15, 1970; and July 15, 1970. Assume that A is unaffected by the exceptions provided in section 6654(d). Therefore, A is underpaid by \$10 on both October 15 and December 15, and by \$18 on both March 15 and July 15. Such underpayments are computed as follows:

|   |       |
|---|-------|
| (a) October 15 and December 15 installment dates:   |       |
| (1) Tax without regard to Tax Reform Act of 1969  | \$500 |
| (2) 80% of item (1)   | 400   |
| (3) Minimum payment to avoid underpayment, determined without regard to Act:  |       |
| October 15, 1969 (25% of item (2))  | 100   |
| December 15, 1969 (25% of item (2))   | 100   |
| (4) Actual payment:   |       |
| October 15, 1969  | 90    |
| December 15, 1969   | 90    |
| (5) Amount of underpayment:   |       |
| October 15, 1969 (\$100 - \$90)   | 10    |
| December 15, 1969 (\$100 - \$90)  | 10    |
| (b) March 15 and July 15 installment dates:   |       |
| (1) Tax with regard to Act  | 520   |
| (2) 80% of item (1)   | 416   |
| (3) Less total of minimum payments to avoid underpayment, determined without regard to Act for October 15, 1969 and December 15, 1969 (\$100+\$100) | 200   |
| (4) Difference of items (2) and (3)   | 216   |
| (5) Minimum payment to avoid underpayment, determined with regard to Act:   |       |
| March 15 (50% of \$216)   | 108   |
| July 15 (50% of \$216)  | 108   |
| (6) Actual payment:   |       |
| March 15  | 90    |
| July 15   | 90    |
| (7) Amount of underpayment:   |       |
| March 15 (\$108 - \$90)   | 18    |
| July 15 (\$108 - \$90)  | 18    |

(c) *Cross references.* (1) Taxpayers affected by the following sections, among others, of the Tax Reform Act of 1969 may be subject to the provisions of section 946 (a) or (b) (whichever is applicable) of such Act:

(i) Act section 201(a), which adds section 170(f)(2) to the Code and which applies to gifts made after July 31, 1969.

(ii) Act section 201(c), which repeals section 673(b) of the Code and which applies to transfers in trust made after April 22, 1969.

(iii) Act section 212(c), which amends section 1031 of the Code and which applies to taxable years to which the 1954 Code applies.

(iv) Act section 332, which amends section 677 of the Code and which applies to property transferred in trust after October 9, 1969.

(v) Act section 411(a), which adds section 279 to the Code and which applies to interest paid or incurred on an indebtedness incurred after October 9, 1969.

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(vi) Act sections 412 (a) and (b), which adds section 453(b)(3) to the Code and which apply to sales or other dispositions occurring after May 27, 1969, which are not made pursuant to a contract entered into on or before that date.

(vii) Act section 413, which amends sections 1232(a), 1232(b)(2), and 6049 of the Code and which applies to bonds and other evidences of indebtedness issued after May 27, 1969.

(viii) Act section 414, which adds section 249 to the Code and which applies to convertible bonds or other convertible evidences of indebtedness repurchased after April 22, 1969.

(ix) Act section 421(a), which amends section 305 of the Code and which applies to distributions made after January 10, 1969.

(x) Act sections 516 (a) and (d), which add section 1001(e) to the Code and which apply to sales of life estates made after October 9, 1969.

(xi) Act section 601, which amends section 103 of the Code and which applies to obligations issued after October 9, 1969.

(xii) Act section 703 which amends sections 46(b) and 47(a) of the Code and which applies to section 38 property built or acquired after April 18, 1969.

(xiii) Act section 905, which adds section 311(d) to the Code and which applies to distributions made after November 30, 1969.

(2) In addition to the references in subparagraph (1) of this paragraph, section 946(b) of the Tax Reform Act of 1969 may apply to taxpayers affected by the following sections, among others, of such Act:

(i) Act section 201(a), which adds section 170(e) to the Code and which applies to contributions paid after December 31, 1969.

(ii) Act sections 501 (a) and (b), which amend section 613 of the Code and which apply to taxable years beginning after October 9, 1969.

(iii) Act sections 516 (c) and (d) which add section 1253 to the Code and which apply to transfers after December 31, 1969.

(iv) Act section 701(a), which amends section 51 of the Code and which applies to taxable years ending after De-

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ember 31, 1969, and beginning before July 1, 1970.

[T.D. 7088, 36 FR 3053, Feb. 17, 1971]

### MISCELLANEOUS PROVISIONS

#### § 1.9101-1 Permission to submit information required by certain returns and statements on magnetic tape.

In any case where the use of a Form 1087 or 1099 is required by the regulations under this part for the purpose of making a return or reporting information, such requirement may be satisfied by submitting the information required by such form on magnetic tape or by other media, provided that the prior consent of the Commissioner or other authorized officer or employee of the Internal Revenue Service has been obtained. Applications for such consent must be filed in accordance with procedures established by the Internal Revenue Service. In any case where the use of Form W-2 is required for the purpose of making a return or reporting information, such requirement may be satisfied by submitting the information required by such form on magnetic tape or other approved media, provided that the prior consent of the Commissioner of Social Security (or other authorized officer or employee thereof) has been obtained.

[T.D. 6883, 31 FR 6589, May 3, 1966, as amended by T.D. 7580, 43 FR 60159, Dec. 26, 1978]

#### § 1.9200-1 Deduction for motor carrier operating authority.

(a) *In general.* Section 266 of the Economic Recovery Tax Act of 1981 (Pub. L. 97-34, 95 Stat. 265) provides that, for purposes of chapter 1 of the Internal Revenue Code of 1954, an ordinary deduction shall be allowed in computing the taxable income of all taxpayers who either held one or more motor carrier operating authorities on July 1, 1980, or later acquired a motor carrier operating authority pursuant to a binding contract in effect on July 1, 1980. The deduction for each motor carrier operating authority is to be allowed ratably over a 60-month period and is equal to the adjusted basis of the motor carrier operating authority on July 1, 1980. Except as provided in this section, no deduction is allowable for any diminution in value of any motor