

Traynor Guy R

Subject: FW: Comment from Web Site sent to guy.r.traynor@irs.counsel.treas.gov

REG-133254-02
REGULATIONS UNIT
CC:ITA:RU

-----Original Message-----

From: postoffice@www.gai.irs.gov [mailto:postoffice@www.gai.irs.gov]
Sent: Thursday, November 14, 2002 3:47 PM
Subject: Comment from Web Site
From: dmack@nsbu.org
reg=Reporting of Deposit Interest to Nonresident Aliens
category=taxregs
email=dmack@nsbu.org

NOV 15 2002

ROOM 5226

Helou/mark-Lippe

Begin Comment Text -----

November 14, 2002

CC:DOM:ITA:RU (REG-133254-02)
Room 5226
Internal Revenue Service
POB 7604
Ben Franklin Station
Washington, DC 20044

Re: Written Comments on Guidance on Reporting of Deposit Interest Paid to NRAs

Dear Sir or Madam:

I am writing to join the U.S. Small Business Administration and other small business advocates in opposing the proposed rulemaking which would impose new onerous reporting requirements on U.S. financial institutions. This rule requires U.S. financial institutions to file Form 1042-S with respect to interest it pays to non-resident aliens (hereinafter NRAs).

NSBU is the nation's oldest small business organization with over 65,000 members.

NSBU opposes this rule because it represents a blatant failure of the Internal Revenue Service to comply with the Regulatory Flexibility Act (RFA) when promulgating a rule that imposes a new collection instrument requirement.

The Service does not deny that collection requirements are the purpose of this proposed rule. During consideration of the RFA changes in Congress, the Service implored policymakers that it should be exempted from the normal RFA procedures applicable to other agencies unless there is a collection requirement. Here, the IRS is issuing a rule that does nothing but impose collection requirements on thousands of small firms while cavalierly claiming the RFA is inapplicable. This procedural breach, if unchallenged, will affect the potency of administrative law changes the Service itself had agreed to.

We believe the rule should be withdrawn until such time as the Service properly performs a Regulatory Flexibility Analysis.

Sincerely yours,

Todd McCracken
President
National Small Business United

End Comment Text -----