Olefin polymers	Density	Melting point (MP) or softening point (SP) (*Degrees Centigrade*)	Maximum extractable fraction (expressed as percent by weight of polymer) in *N*-hexane at specified temperatures	Maximum soluble fraction (expressed as percent by weight of polymer) in xylene at specified temperatures
* *	*	*	* *	*
3.2a Olefin copolymers described in paragraph (a)(3)(i) of this section for use in articles used for packing or holding food during cooking; except olefin copolymers described in paragraph (a)(3)(i)(*c*)(*2*) of this section and listed in item 3.2b of this table; except that olefin copolymers containing 89 to 95 percent ethylene with the remainder being 4-methyl-pentene-1 contacting food Types III, IVA, V, VIIA, and IX identified in § 176.170(c) of this chapter, Table 1, shall not exceed 0.051 millimeter (mm) (0.002 inch (in)) in thickness when used under conditions of use A and shall not exceed 0.102 mm (0.004 in) in thickness when used under conditions of use B, C, D, E, and H described in § 176.170(c) of this chapter, Table 2. Additionally, olefin copolymers described in (a)(3)(i)(*a*)(*2*) of this section may be used only under conditions of use B, C, D, E, F, G, and H described in § 176.170(c) of this chapter, Table 2, in contact with all food types identified in § 176.170(c) of this chapter, Table 1.	0.85–1.00	.....	2.6 percent at 50 °C ...	Do.
* *	*	*	* *	*

* * * * *

Dated: July 22, 1995.

Janice F. Oliver,

Deputy Director for Systems and Support, Center for Food Safety and Applied Nutrition.

[FR Doc. 95–19424 Filed 8–4–95; 8:45 am]

BILLING CODE 4160–01–F

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 8607]

RIN 1545–AS98

Allowances Received by Members of the Armed Forces in Connection With Moves to New Permanent Duty Stations

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the exclusion from gross income under section 61 of the Internal Revenue Code of 1986 (Code) of certain allowances received by members of the uniformed services in connection with a change of permanent duty station. The final regulations are required because of amendments to the law made by section 13213(a)(1) of the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993), 107 Stat. 473 (1993), which redefined the term *moving expenses* under section 217(b) of the Code. Persons affected by the final regulations are members of the uniformed services (the Armed Forces, the commissioned corps of the National Oceanic and Atmospheric Administration, and the commissioned corps of the Public Health Service).

DATES: These regulations are effective August 7, 1995. For dates of applicability, see ''Effective date'' portion under **SUPPLEMENTARY INFORMATION.**

FOR FURTHER INFORMATION CONTACT: Marilyn E. Brookens, (202) 622- 1585 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to the Income Tax Regulations (26 CFR part 1) under sections 61 and 217 of the Internal Revenue Code (Code) that are required because of the amendment of section 217(b) by OBRA 1993. In Notice 94–59, 1994- 1 C.B. 371, the IRS announced its intention to issue guidance to clarify that certain allowances received by members of the Armed Forces continue to be excludable from gross income notwithstanding the amendment of section 217(b).

On December 21, 1994, temporary regulations (TD 8575) relating to military expense allowances under sections 61 and 217 (relating to definitions of gross income and of moving expenses) were published in the **Federal Register** (59 FR 65711). A notice of proposed rulemaking (IA–50–94) relating to the same subjects was published in the **Federal Register** for the same day (59 FR 65739). No public hearing was requested or held.

Written comments regarding the regulations were received. After consideration of all the comments, the regulations proposed by IA–50–94 are adopted as revised by this Treasury decision, and the corresponding temporary regulations are withdrawn. The comments are discussed below.

Explanation of Provisions

I. General Background

Section 217(g) of the Code provides that a member of the Armed Forces on active duty who moves pursuant to a military order and incident to a permanent change of station does not include in income reimbursements or allowances for moving or storage expenses, or the value of moving and storage services furnished in kind. For purposes of section 217(g), moving expenses are defined in section 217(b). OBRA 1993 amended section 217(b) by narrowing the definition of deductible moving expenses.

As a result of this amendment, questions arose concerning the federal tax treatment of certain allowances provided by the Department of Defense and by the Department of Transportation under title 37 of the United States Code to members of the Armed Forces in connection with a transfer to a new permanent duty station. Those allowances include: (1) a dislocation allowance, intended to partially reimburse expenses (e.g., lease forfeitures, temporary living charges in hotels, and breakage of household goods in transit) incurred in relocating a household; (2) a temporary lodging expense, intended to partially offset the added living expenses of temporary lodging (up to 10 days) within the United States (other than Hawaii or Alaska); (3) a temporary lodging allowance, intended to help defray higher than normal living costs (for up to 60 days) outside the United States or in Hawaii or Alaska; and (4) a move-in housing allowance, intended to defray costs (e.g., rental agent fees, home-security improvements, and supplemental heating equipment) associated with occupying leased quarters outside the United States.

Section 1.61–2(b) of the Income Tax Regulations provides, in part, that subsistence and uniform allowances granted to members of the Armed Forces, Coast and Geodetic Survey (now known as the National Oceanic and Atmospheric Administration), and Public Health Service, and amounts received by them as commutation of quarters, are to be excluded from gross income. Similarly, the value of quarters or subsistence furnished to such persons is excluded from gross income. These exclusions from gross income of quarters and subsistence allowances paid to members of the uniformed services are ones of long standing, dating back to 1925. See *Jones* v. *United States,* 60 Ct. Cl. 552 (1925).

The Treasury Department and the IRS have determined that the four above-referenced allowances, to the extent not excluded under other provisions of the Code (such as section 217(g) or section 132(g)), are to be treated as quarters or subsistence allowances. Section 1.61–2(b) is revised to provide that these allowances are excluded from the gross income of members of the uniformed services. Section 1.61–2(b)(2) and section 1.217–2(g)(6) clarify that no deduction is allowed for any expenses incurred in connection with a transfer to a new permanent duty station to the extent the expenses are reimbursed by an excluded allowance. However, any expense that meets the definition of a *moving expense* as defined in section 217(b) and is not reimbursed continues to be deductible under current law.

II. Public Comments

The National Oceanic and Atmospheric Administration (NOAA) requested that the regulations provide active duty officers of the NOAA Corps with an exclusion for the allowances covered by these regulations. The commissioned corps of NOAA, the commissioned corps of the Public Health Service (PHS), and the Armed Forces collectively comprise the uniformed services. 10 U.S.C. 101(a)(5) (Supp. IV 1992). The Armed Forces consist of the Army, Navy, Air Force, Marine Corps, and Coast Guard. 10 U.S.C. 101(a)(4) (1988).

The pay and allowance provisions of title 37 apply to all members of the uniformed services. In particular, the allowances that are the subject of these regulations are the same for the NOAA commissioned corps and the PHS commissioned corps as for the Armed Forces. The Department of Treasury historically has extended the holdings of *Jones* v. *United States* to all members of the uniformed services. I.T. 2232, IV–2 C.B. 144 (1925); Mim. 3413, V–1 C.B. 29 (1926). Accordingly, the final regulations under section 1.61–2(b) provide that the four earlier-referenced allowances are quarters or subsistence allowances and are excluded from gross income for members of the uniformed services.

III. Effective Date

The final regulations are effective with respect to allowances for expenses incurred after December 31, 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, the notice of proposed rulemaking was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Marilyn E. Brookens of the Office of Assistant Chief Counsel (Income Tax and Accounting). 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:

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

Par. 2. Section 1.61–2 is amended by:

1. Removing the language ''Coast and Geodetic Survey'' from the second sentence of paragraph (a)(1) and adding in its place the language ''National Oceanic and Atmospheric Administration''.

2. Revising paragraph (b) to read as follows:

§ 1.61–2 Compensation for services, including fees, commissions, and similar items.

* * * * *

(b) *Members of the Armed Forces, National Oceanic and Atmospheric Administration, and Public Health Service.* (1) Subsistence and uniform allowances granted commissioned officers, chief warrant officers, warrant officers, and enlisted personnel of the Armed Forces, National Oceanic and Atmospheric Administration, and Public Health Service of the United States, and amounts received by them as commutation of quarters, are excluded from gross income. Similarly, the value of quarters or subsistence furnished to such persons is excluded from gross income.

(2) For purposes of this section, quarters or subsistence includes the following allowances for expenses

incurred after December 31, 1993, by members of the Armed Forces, members of the commissioned corps of the National Oceanic and Atmospheric Administration, and members of the commissioned corps of the Public Health Service, to the extent that the allowances are not otherwise excluded from gross income under another provision of the Internal Revenue Code: a dislocation allowance, authorized by 37 U.S.C. 407; a temporary lodging allowance, authorized by 37 U.S.C. 405; a temporary lodging expense, authorized by 37 U.S.C. 404a; and a move-in housing allowance, authorized by 37 U.S.C. 405. No deduction is allowed under this chapter for any expenses reimbursed by such excluded allowances. For the exclusion from gross income of—

(i) Disability pensions, see section 104(a)(4) and the regulations thereunder;

(ii) Miscellaneous items, see section 122.

(3) The per diem or actual expense allowance, the monetary allowance in lieu of transportation, and the mileage allowance received by members of the Armed Forces, National Oceanic and Atmospheric Administration, and the Public Health Service, while in a travel status or on temporary duty away from their permanent stations, are included in their gross income except to the extent excluded under the accountable plan provisions of § 1.62–2.

* * * * *

§ 1.61–22T [Removed]

Par. 3. Section 1.61–22T is removed.

Par. 4. Section 1.217–2 is amended by adding paragraph (g)(6) to read as follows:

§ 1.217–2 Deduction for moving expenses paid or incurred in taxable years beginning after December 31, 1969.

* * * * *

(g) * * *

(6) *Disallowance of deduction.* No deduction is allowed under this section for any moving or storage expense reimbursed by an allowance that is excluded from gross income.

§ 1.217–2T [Removed]

Par. 5. Section 1.217–2T is removed.

Margaret Milner Richardson,

Commissioner of Internal Revenue.

Approved: July 27, 1995.

Leslie Samuels,

Assistant Secretary of the Treasury.

[FR Doc. 95–19282 Filed 8–4–95; 8:45 am]

BILLING CODE 4830–01–U

26 CFR Part 1

[TD 8608]

RIN 1545–AS93

Adjustments Required by Changes in Method of Accounting

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations relating to the requirements for changes in method of accounting. These regulations clarify the Commissioner's authority to prescribe terms and conditions for effecting a change in method of accounting. The regulations affect taxpayers changing a method of accounting for federal income tax purposes.

DATES: These regulations are effective August 4, 1995. For dates of applicability see §§ 1.446–1(e)(3)(iii) and 1.481–5.

FOR FURTHER INFORMATION CONTACT: Cheryl Oseekey, (202) 622–4970 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

On December 28, 1994, the IRS published a notice of proposed rulemaking in the **Federal Register** (59 FR 66825), relating to the requirements for changes in method of accounting. That document proposed clarifying amendments to the regulations under sections 446 and 481. No public hearing was requested or held.

Two comments responding to this notice were received. After consideration of the comments, the amendments proposed by IA–42–93 are adopted with minor editorial revisions by this Treasury decision.

Summary of Comments

The notice of proposed rulemaking proposes to conform the existing regulations under sections 446(e) and 481(c) to long-standing IRS administrative practices regarding the use of adjustment periods under section 481(a) and the use of a cut-off method. Under the general rule of the proposed regulations, any section 481(a) adjustment attributable to a voluntary or an involuntary change in method of accounting is taken into account in the taxable year of change, whether the adjustment increases or decreases taxable income. However, the regulations also propose to amend §§ 1.446–1(e)(3) and 1.481–5 to clarify the Commissioner's authority to prescribe the terms and conditions for effecting a change in method of accounting. Under the regulations, the terms and conditions that may be prescribed by the Commissioner include the taxable year or years in which a section 481(a) adjustment is taken into account and the use of a cut-off method to effect a change in method of accounting.

Two comments were received in response to the notice. The comments questioned IRS authority to require the use of a cut-off method, and whether to require it is sound administrative practice. After considering the comments, the IRS and the Treasury Department continue to believe that the IRS has the authority under section 446(e) to impose a cut-off method, and that it is consistent with section 481(a). Furthermore, the IRS and the Treasury Department believe that requiring a change in method of accounting on a cut-off basis in appropriate circumstances is administratively sound. For example, the application of a cut-off method to effect a change within the last-in, first-out (LIFO) inventory method is justified on the basis of simplicity because it eliminates the need to revalue LIFO increments.

The amendments proposed by IA–42–93 are adopted by this Treasury decision.

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, the notice of proposed rulemaking preceding these regulations was submitted to the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Rosemary DeLeone, Office of Assistant Chief Counsel (Income Tax and Accounting), 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.