

= \$4 million). Thus, the five million dollar or 10% of gross receipts test has been met. The two million dollar adjustment is attributable to a gross valuation misstatement. Accordingly, the taxpayer is subject to a penalty, under section 6662(h), equal to 40 percent of the underpayment of tax attributable to the gross valuation misstatement of two million dollars. The 2.5 million dollar adjustment is subject to a penalty under sections 6662(a) and 6662(b)(3), equal to 20 percent of the underpayment of tax attributable to the substantial valuation misstatement.

Example 3. (i) Applying section 482, the Internal Revenue Service makes the following transfer pricing adjustments for the taxable year:

(1) Attributable to an adjustment that is 400 percent or more of the correct section 482 arm's length result	\$6,000,000
(2) Not a 200 or 400 percent adjustment	15,000,000
Total	21,000,000

(ii) None of the adjustments are excluded under paragraph (d) (Amounts excluded from net section 482 adjustments) in determining the twenty million dollar or 20% of gross receipts test under section 6662(h). The net section 482 adjustment (21 million dollars) is greater than twenty million dollars and thus constitutes a gross valuation misstatement. Accordingly, the total adjustment is subject to the net adjustment penalty equal to 40 percent of the underpayment of tax attributable to the 21 million dollar gross valuation misstatement. The six million dollar adjustment will not be separately included for purposes of any additional penalty under section 6662.

(g) *Effective date.* This section is effective February 9, 1996. However, taxpayers may elect to apply this section to all open taxable years beginning after December 31, 1993.

§ 1.6662-6T [Removed]

Par. 5. Section 1.6662-6T is removed.

Par. 6a. In § 1.6664-0, the introductory text is amended by removing the reference "1.6664-4" and adding "1.6664-4T" in its place.

Par. 6b. Section 1.6664-4T is revised to read as follows:

§ 1.6664-4T Reasonable cause and good faith exception to section 6662 penalties.

(a) through (e) [Reserved].

(f) *Transactions between persons described in section 482 and net section 482 transfer price adjustments.* For purposes of applying the reasonable cause and good faith exception of section 6664(c) to net section 482 adjustments, the rules of § 1.6662-6(d) apply. A taxpayer that does not satisfy the rules of § 1.6662-6(d) for a net section 482 adjustment cannot satisfy the reasonable cause and good faith exception under section 6664(c). The

rules of this section apply to underpayments subject to the transactional penalty in § 1.6662-6(b). If the standards of the net section 482 penalty exclusion provisions under § 1.6662-6(d) are met with respect to such underpayments, then the taxpayer will be considered to have acted with reasonable cause and good faith for purposes of this section.

PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT

Par. 7. The authority citation for part 602 continues to read as follows:

Authority: 26 U.S.C. 7805.

Par. 8. In § 602.101, paragraph (c) is amended by removing the entry for § 1.6662-6T from the table and adding an entry in numerical order to the table to read "1.6662-6....1545-1426".

Margaret Milner Richardson,
Commissioner of Internal Revenue.

Approved: January 19, 1996.

Leslie Samuels,

Assistant Secretary of the Treasury.

[FR Doc. 96-2171 Filed 2-8-96; 8:45 am]

BILLING CODE 4830-01-U

DEPARTMENT OF DEFENSE

Office of the Secretary

32 CFR Part 290

[DCAA Regulation 5410.8]

Defense Contract Audit Agency (DCAA), Freedom of Information Act Program

AGENCY: Office of the Secretary, DoD.

ACTION: Final rule.

SUMMARY: This amendment changes the area code listed for the DCAA Eastern Regional Office from (404) to (770) due to area code changes made by AT&T for the Smyrna, Georgia area.

EFFECTIVE DATE: February 9, 1996.

FOR FURTHER INFORMATION CONTACT: Mr. Dave Henshall, DCAA Information and Privacy Advisor, ATTN: CMR, Defense Contract Audit Agency, 8725 John J. Kingman Road, Suite 2135, Fort Belvoir, VA 22060-6219, Telephone: (703) 767-1244.

List of Subjects in 32 CFR Part 290

Freedom of Information.

Accordingly 32 CFR Part 290 is amended as follows:

PART 290—[AMENDED]

1. The authority citation for Part 290 continues to read as follows:

Authority: 5 U.S.C. 552.

Appendix B to Part 290—[Amended]

2. In Appendix B to Part 290, under the heading for Georgia, DCAA Eastern Regional Office, remove, "(404)" and add "(770)."

Dated: February 1, 1996.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 96-2756 Filed 2-8-96; 8:45 am]

BILLING CODE 5000-04-M

DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 100

[CGD11-96-001]

RIN 2115-AE46

Special Local Regulations: Newport to Ensenada Race

AGENCY: Coast Guard, DOT.

ACTION: Notice of implementation.

SUMMARY: This notice implements 33 CFR 100.1101, "Southern California marine events," for the Newport to Ensenada Race. This event consists of a sailboat race with 400-500 participants. These regulations will be effective in the portion of the Pacific Ocean off Newport, California. Implementation of section 33 CFR 100.1101 is necessary to control vessel traffic in the regulated area for the start of the race only to ensure the safety of participants and spectators.

EFFECTIVE DATE: 33 CFR 100.1101 is effective from 12 noon on 26 April 1996, and terminates at 3 PM 26 April 1996, unless cancelled earlier by the Patrol Commander.

FOR FURTHER INFORMATION CONTACT: QMC D.K. Larson, U.S. Coast Guard Marine Safety Office/Group Los Angeles/Long Beach, California; Tel: (310) 980-4442.

SUPPLEMENTARY INFORMATION:

Drafting Information

The drafters of this notice are QMC D.K. Larson, Coast Guard Marine Safety Office/Group Los Angeles/Long Beach, Project Officer, and LT A.K. Abbott, Eleventh Coast Guard District Legal Office, Project Attorney.

Discussion of Notice

The Newport to Ensenada Race is scheduled to occur on 26 April 1996. These Special Local Regulations permit Coast Guard control of vessel traffic in

order to ensure the safety of spectators and participant vessels. In accordance with the regulations in 33 CFR 100.1101, persons and vessels shall not anchor in or loiter in the regulated area, or impede the transit of participant or official patrol vessels, unless authorized by the Coast Guard Patrol Commander.

Dated: February 5, 1996.

R.A. Appelbaum,

Rear Admiral, U.S. Coast Guard, Commander, Eleventh Coast Guard District.

[FR Doc. 96-2763 Filed 2-8-96; 8:45 a.m.]

BILLING CODE 4910-14-M

33 CFR Part 117

[CGD08-95-024]

RIN 2115-AE47

Drawbridge Operation Regulations; Red River, LA

AGENCY: Coast Guard, DOT.

ACTION: Final rule.

SUMMARY: This rule revokes the regulation for the Fulton St. Bridge across the Red River, mile 88.1 at Alexandria, Rapides Parish, Louisiana because the vertical lift span has been removed.

EFFECTIVE DATE: This regulation becomes effective on March 11, 1996.

FOR FURTHER INFORMATION CONTACT: Mr. David M. Frank, Bridge Administration Branch, (504) 589-2965.

SUPPLEMENTARY INFORMATION:

Drafting Information

The principal persons involved in drafting this document are Mr. David Frank, Project Officer and Lieutenant Commander C.D. Michel, Project Attorney.

Background and Purpose

The Fulton St. Bridge was removed from service and demolished on September 18, 1995. Since there is no longer a drawbridge at this location, there is no longer a need for the drawbridge operation regulation. Notice and public procedure have been omitted from this action because the vertical lift bridge is no longer in existence.

Regulatory Evaluation

This rule is not major under Executive Order 12291 and not significant under the "Department of Transportation Regulatory Policies and Procedures" (44 FR 11040; February 26, 1979). The Coast Guard expects the economic impact of this rule to be so minimal that a full Regulatory Evaluation is unnecessary.

Small Entities

Under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.), the Coast Guard must consider whether this rule will have a significant economic impact on a substantial number of small entities. "Small entities" include independently owned and operated small businesses that are not dominant in their field and that otherwise qualify as "small business concerns" under section 3 of the Small Business Act (15 U.S.C. 632). This rule will have little impact on either vehicular or navigational traffic. Because it expects the impact of this final rule to be minimal, the Coast Guard certifies under 5 U.S.C. 605(b) that it will not have a significant economic impact on a substantial number of small entities.

Collection of Information

This rule contains no collection of information requirements under the Paperwork Reduction act (44 U.S.C. 3501 et seq.).

Federalism

The Coast Guard has analyzed this rule under the principles and criteria contained in Executive Order 12612 and has determined that this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Environment

The Coast Guard considered the environmental impact of this rule and concluded that, under section 2.B.2 of Commandant Instruction M16475.1 (series), this rule is categorically excluded from further environmental documentation.

List of Subjects in 33 CFR Part 117

Bridges.

Regulations

In consideration of the foregoing, Part 117 of Title 33, Code of Federal Regulations, is amended as follows:

PART 117—DRAWBRIDGE OPERATION REGULATIONS

1. The authority citation for Part 117 continues to read as follows:

Authority: 33 U.S.C. 499; 49 CFR 1.46; 33 CFR 1.05-1(g); section 117.255 also issued under the authority of Pub. L. 102-587, 106 Stat. 5039.

§ 117.491 [Amended]

2. In § 117.491, paragraph (a)(2) is removed and (a)(3) and (a)(4) are redesignated (a)(2) and (a)(3), respectively.

Dated: January 8, 1996.

R.C. North,

Rear Admiral, U.S. Coast Guard Commander, Eighth Coast Guard District.

[FR Doc. 96-2761 Filed 2-8-96; 8:45 am]

BILLING CODE 4910-14-M

33 CFR Part 117

[CGD08-95-017]

RIN 2115-AE47

Drawbridge Operation Regulation; Sabine River, LA

AGENCY: Coast Guard, DOT.

ACTION: Final rule.

SUMMARY: At the request of the Kansas City Southern Railroad Company (KCSRR), the Coast Guard is changing the regulation governing the operation of the swing span bridge across the Sabine River, mile 36.2, near Ruliff, Texas, by permitting the draw to remain closed to navigation at all times.

EFFECTIVE DATE: This rule is effective on March 11, 1996.

ADDRESSES: Unless otherwise indicated, documents referred to in this preamble are available for inspection or copying at the Eighth Coast Guard District Office, 501 Magazine Street, Room 1313, New Orleans, Louisiana 70130-3396, between 8 a.m. and 3:30 p.m., Monday through Friday, except Federal holidays. The telephone number is (504) 589-2965.

FOR FURTHER INFORMATION CONTACT: Mr. John Wachter, Bridge Administration Branch, Eighth Coast Guard District, telephone (504) 589-2965.

SUPPLEMENTARY INFORMATION:

Drafting Information

The principal persons involved in drafting this document are Mr. John Wachter, Project Manager, Bridge Administration Branch, and LCDR Thomas D. Beistle Project Attorney.

Regulatory History

On September 5, 1995, the Coast Guard published a notice of proposed rulemaking entitled Drawbridge Operation Regulations; Sabine River, LA in the Federal Register (60 FR 46069). The Coast Guard received two letters of no objection to the proposal. No public hearing was requested, and none was held.

Background and Purpose

KCSRR requested that the draw remain permanently closed. Navigation requiring openings is non-existent and