

is reopening the comment period until October 2, 1998. During this reopened comment period, it is not necessary for commenters to resubmit views that have already been expressed in previous comments.

Authority: Pub. L. 104-208, 110 Stat. 3009-716 (5 U.S.C. 301) delegation of authority at 49 CFR 1.50.

Issued on: August 14, 1998.

Philip R. Recht,

Deputy Administrator, National Highway Traffic Safety Administration.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-115446-97]

RIN 1545-AV68

Termination of Puerto Rico and Possession Tax Credit; New Lines of Business Prohibited

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking by cross-reference to temporary regulations and notice of public hearing.

SUMMARY: In TD 8778, published elsewhere in this issue of the **Federal Register**, the IRS is issuing temporary regulations that provide guidance regarding the addition of a substantial new line of business by a possessions corporation that is an existing credit claimant. These regulations reflect changes made by the Small Business Job Protection Act of 1996. The text of those temporary regulations also serves as the text of these proposed regulations. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written comments must be received by November 17, 1998. Requests to speak and outlines of topics to be discussed at the public hearing scheduled for Tuesday, December 1, 1998, at 10 a.m. must be received by Tuesday, November 10, 1998.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (REG-115446-97), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (REG-115446-97), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue,

NW., Washington, DC. Alternatively, taxpayers may submit comments electronically via the Internet by selecting the "Tax Regs" option on the IRS Home Page, or by submitting comments directly to the IRS Internet site at http://www.irs.ustreas.gov/prod/tax_regs/comments.html. The public hearing will be held in room 2615, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT:

Concerning the regulations, Patricia A. Bray or Elizabeth Beck, (202) 622-3880 or Jacob Feldman, (202) 622-3830; concerning submissions and the hearing, Michael Slaughter, (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

Temporary Regulations in the Rules and Regulations portion of this issue of the **Federal Register** amend Income Tax Regulations (26 CFR Part 1) relating to section 936. Section 1.936-11T, published in TD 8778, provides guidance to possessions corporations that could lose their status as an existing credit claimant, and, as a result, their right to claim the possession tax credit, due to the addition of a substantial new line of business.

The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations.

Special Analysis

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because the regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8) copies) that are submitted timely to the IRS. All comments will be

made available for public inspection and copying.

A public hearing has been scheduled for December 1, 1998, at 10 a.m., in room 2615, Internal Revenue Building, 1111 Constitution Ave., NW., Washington, DC. Because of access restrictions, visitors will not be admitted beyond the Internal Revenue Building lobby more than 15 minutes before the hearing starts.

The rules of 26 CFR 601.601(a)(3) apply to this hearing.

Persons who wish to present oral comments at the hearing must submit written comments and an outline of the topic (preferably a signed original and eight (8) copies) to be discussed by November 10, 1998.

A period of 10 minutes will be allotted to each person for making comments.

An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

Drafting Information. The principal author of these regulations is Patricia A. Bray of the Office of the Associate Chief Counsel (International). Other personnel from the IRS and the Department of the Treasury participated in the development of these regulations.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 is amended by adding an entry in numerical order to read as follows:

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

Section 1.936-11 also issued under 26 U.S.C. 936. * * *

Par. 2. Section 1.936-11 is added to read as follows:

§ 1.936-11 New lines of business prohibited.

[The text of this proposed section is the same as the text of § 1.936-11T published elsewhere in this issue of the **Federal Register**.]

Michael P. Dolan,

Deputy Commissioner of Internal Revenue.

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