

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-251698-96]

RIN 1545-AU77

S Corporation Subsidiaries; Hearing

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of public hearing on proposed regulations.

SUMMARY: This document provides notice of a public hearing on proposed regulations relating to the treatment of corporate subsidiaries of S corporations. In addition, this document announces that persons wishing to testify in the Los Angeles area will be able to make their presentations at an Internal Revenue Service remote videoconference site. **DATES:** The public hearing will be held October 14, 1998, beginning at 1 p.m. (EDT). Requests to speak and outlines of oral comments must be received by October 7, 1998.

ADDRESSES: The public hearing will be held in room 3411, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC. The videoconference site for persons testifying in Los Angeles is room 5003 of the Federal Building at 300 N. Los Angeles Street, Los Angeles, CA.

FOR FURTHER INFORMATION CONTACT: Mike Slaughter of the Regulations Unit, Assistant Chief Counsel (Corporate), (202) 622-7180 (not a toll-free number).

SUPPLEMENTARY INFORMATION: The subject of the public hearing is proposed regulations issued under sections 1361, 1362, 1368, and 1374 of the Internal Revenue Code. These proposed regulations (REG-251698-96) appeared in the **Federal Register** (63 FR 19864) and the Internal Revenue Bulletin (1998-20 IRB 14 (see § 601.601(d)(2)(ii)(b))), Wednesday, April 22, 1998.

The hearing was originally scheduled for September 9, 1998, but was

postponed (63 FR 47455, September 8, 1998). The original hearing was also scheduled to be broadcast to a videoconference site in St. Louis. However, because of scheduling conflicts and the withdrawal of the St. Louis speaker, there will not be a videoconference site available for the hearing in St. Louis.

The rules of § 601.601(a)(3) of the "Statement of Procedural Rules" (26 CFR part 601) shall apply with respect to the public hearing. Persons who have submitted written comments within the time prescribed in the notice of proposed rulemaking and who also desire to present oral comments at the hearing on the proposed regulations should submit an outline of the oral comments/testimony to be presented at the hearing as well as the time they wish to devote to each subject. Submissions must be made no later than October 7, 1998.

Each speaker (or group of speakers representing a single entity) will be limited to 10 minutes for an oral presentation exclusive of the time consumed by the government panel and answers to those questions.

Because of controlled access restrictions, attendants cannot be admitted beyond the lobby of the Internal Revenue Building until 12:30 p.m. Hearing times at the Los Angeles videoconference site will be concurrent with the hearing in Washington, DC. (i.e., 10 a.m. PDT).

Due to limited seating capacity at the Los Angeles site, no more than 12 people may be accommodated at any one time in the videoconference room. Seating in the videoconference room will be made available based on the order of presentations. IRS personnel will be available at the Los Angeles videoconference site to assist speakers in using the videoconference equipment.

The Service will prepare and provide, free of charge at the hearing, an agenda showing the scheduling of speakers. Testimony will begin with the speakers at the Los Angeles videoconference site and conclude with presentations by the speakers in Washington, DC.

Cynthia Grigsby,

Chief, Regulations Unit, Assistant Chief Counsel (Corporate).

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-122488-97]

RIN 1545-AV87

Substantiation of Business Expenses—Use of Mileage Rates To Substantiate Automobile Expenses

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: This document contains proposed regulations relating to the use of mileage rates to substantiate automobile business expenses. The regulations affect taxpayers who deduct expenses, and payors who make payments and employees who receive payments under reimbursement or other expense allowance arrangements, for the business use of an automobile.

DATES: Written or electronically generated comments and requests for a public hearing must be received by December 30, 1998.

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, contact Edwin B. Cleverdon or Donna M. Crisalli, (202) 622-4920 (not a toll-free number).

ADDRESSES: Send submissions to CC:DOM:CORP:R (REG-122488-97), room 5228, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044. In the alternative, submissions may be hand delivered between the hours of 8 a.m. and 5 p.m. to CC:DOM:CORP:R (REG-122488-97), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC. Additionally, taxpayers may submit comments electronically via INTERNET by selecting the "Tax Regs" option on the IRS INTERNET site at: http://www.irs.ustreas.gov/prod/tax_reg/comments.html.

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

Section 274(d) provides that a taxpayer is not allowed a deduction or credit for certain expenses unless the expense is substantiated. These substantiation requirements apply to the expenses of use of any listed property