

Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-147636-08), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC, or sent electronically via the Federal eRulemaking Portal at <http://www.regulations.gov> (IRS REG-147636-08).

FOR FURTHER INFORMATION CONTACT:

Concerning the proposed regulations, Sean W. Mullaney, (202) 622-3860; concerning submissions of comments or requests for a public hearing, *Richard.A.Hurst@irs.counsel.treas.gov*; at (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend the Income Tax Regulations (26 CFR part 1) relating to sections 304 and 1248 of the Code. The text of those regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the temporary regulations and these proposed regulations.

Special Analyses

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. These regulations are necessary to ensure that the appropriate amount of income (dividend income, capital gain or both) is recognized currently in the transactions described in the explanation of provisions section in this preamble. Accordingly, good cause is found for dispensing with notice and public comment pursuant to 5 U.S.C. 553(b) and (c) and with a delayed effective date pursuant to 5 U.S.C. 553(d). For applicability of the Regulatory Flexibility Act, see the cross-referenced notice of proposed rulemaking published elsewhere in this **Federal Register**. Pursuant to section 7805(f) of the Code, these regulations have been submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Requests for a Public Hearing

Comments are also requested regarding whether IRS and Treasury

Department should exercise the regulatory authority under section 304(b)(6) to permit an increase to the basis of the transferred stock in a section 304(a)(1) transaction to the extent the distribution in redemption of the shares deemed issued by the acquiring corporation is treated as a dividend from the earnings and profits of the issuing corporation.

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8) copies) or electronic comments that are submitted timely to the IRS. The IRS and Treasury Department specifically request comments on the clarity of the proposed rules and how they can be made easier to understand. All comments will be available for public inspection and copying. A public hearing will be scheduled if requested in writing by any person that timely submits written comments. If a public hearing is scheduled, notice of the date, time, and place for the public hearing will be published in the **Federal Register**.

Drafting Information

The principal author of these proposed regulations is Sean W. Mullaney of the Office of Associate Chief Counsel (International). However, other personnel from the IRS and the Treasury Department participated in their development.

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 to read as follows:

Authority: 26 U.S.C. 7805 * * *
Section 1.367(a)-9 also issued under 26 U.S.C. 367(a) and (b). * * *

Par. 2. Section 1.367(a)-9 is added to read as follows:

§ 1.367(a)-9 Treatment of deemed section 351 exchanges pursuant to section 304(a)(1).

[The text of proposed § 1.367(a)-9 is the same as the text of § 1.367(a)-9T published elsewhere in this issue of the **Federal Register**].

Par. 3. Section 1.367(b)-4 is amended by revising paragraphs (e), (f) and (g) to read as follows:

§ 1.367(b)-4 Acquisition of foreign corporate stock or assets by a foreign corporation in certain nonrecognition transactions.

* * * * *

(e) [The text of proposed § 1.367(b)-4(e) is the same as the text of § 1.367(b)-4T(e) published elsewhere in this issue of the **Federal Register**].

(f) [The text of proposed § 1.367(b)-4(f) is the same as the text of § 1.367(b)-4T(f) published elsewhere in this issue of the **Federal Register**].

(g) [The text of proposed § 1.367(b)-4(g) is the same as the text of § 1.367(b)-4T(g) published elsewhere in this issue of the **Federal Register**].

Par. 4. Section 1.1248-1 is amended by revising paragraphs (b) and (g) to read as follows:

§ 1.1248-1 Treatment of gain from certain sales or exchanges of stock in certain foreign corporations.

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(b) [The text of proposed § 1.1248-1(b) is the same as the text of § 1.1248-1T(b) published elsewhere in this issue of the **Federal Register**].

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(g) [The text of proposed § 1.1248-1(g) is the same as the text of § 1.1248-1T(g) published elsewhere in this issue of the **Federal Register**].

Linda M. Kroening,

Acting Deputy Commissioner for Services and Enforcement.

[FR Doc. E9-2836 Filed 2-10-09; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-164370-05]

RIN 1545-BF27

Section 108(e)(8) Application to Partnerships; Hearing Cancellation

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Cancellation of notice of public hearing on proposed rulemaking.

SUMMARY: This document cancels a public hearing on proposed rulemaking relating to the application of section 108(e)(8) of the Internal Revenue Code to partnerships and their partners.

DATES: The public hearing, originally scheduled for February 19, 2009, at 10 a.m., is cancelled.

FOR FURTHER INFORMATION CONTACT: Richard A. Hurst of the Publications and Regulations Branch, Legal Processing

Division, Associate Chief Counsel (Procedure and Administration), at Richard.A.Hurst@irs-counsel.treas.gov.

SUPPLEMENTARY INFORMATION: A notice of public hearing that appeared in the **Federal Register** on Friday, October 31, 2008 (73 FR 64903), announced that a public hearing was scheduled for February 19, 2009, at 10 a.m., in the auditorium, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC. The subject of the public hearing is under sections 108 and 721 of the Internal Revenue Code.

The public comment period for these regulations expired on January 29, 2009. Outlines of topics to be discussed at the hearing were due on January 27, 2009. The notice of proposed rulemaking and notice of public hearing instructed those interested in testifying at the public hearing to submit an outline of the topics to be addressed. As of Tuesday, February 3, 2009, no one has requested to speak. Therefore, the public hearing scheduled for February 19, 2009, is cancelled.

Guy Traynor,

Acting Chief, Publications and Regulations Branch, Legal Processing Division, Associate Chief Counsel, (Procedure and Administration).

[FR Doc. E9-2830 Filed 2-10-09; 8:45 am]

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DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 165

[Docket No. USCG-2008-1016]

RIN 1625-AA87

Security Zone; Naval Base Point Loma; San Diego Bay, San Diego, CA

AGENCY: Coast Guard, DHS.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Coast Guard proposes the expansion of a naval security zone. This action would expand an existing security zone, which in doing so would encompass a nearby security zone in its entirety. The subsumed security zone would be removed. This action also proposes the installation of water barriers within the expanded security zone. These water borne barriers will provide a line of demarcation and a defensive measure as a safeguard from destruction, loss, or injury from sabotage or other subversive acts, accidents, or other causes of a similar nature. No persons or vessel may enter

or remain in the security zone without the permission of the Captain of the Port, the Commander of Naval Base Point Loma, the Commander of Naval Region Southwest, or a designated representative of those individuals.

DATES: Comments and related material must either be submitted to our online docket via <http://www.regulations.gov> on or before March 13, 2009 or reach the Docket Management Facility by that date.

ADDRESSES: You may submit comments identified by docket number USCG-2008-1016 using any one of the following methods:

(1) *Federal eRulemaking Portal:*

<http://www.regulations.gov>

(2) *Fax:* 202-493-2251.

(3) *Mail:* Docket Management Facility (M-30), U.S. Department of Transportation, West Building Ground Floor, Room W12-140, 1200 New Jersey Avenue, SE., Washington, DC 20590-0001.

(4) *Hand delivery:* Same as mail address above, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays. The telephone number is 202-366-9329.

To avoid duplication, please use only one of these methods. For instructions on submitting comments, see the "Public Participation and Request for Comments" portion of the **SUPPLEMENTARY INFORMATION** section below.

FOR FURTHER INFORMATION CONTACT: If you have questions on this proposed rule, call Lieutenant Commander Mike Dolan, USCG, Waterways Management, U.S. Coast Guard Sector San Diego at 619-278-7261. If you have questions on viewing or submitting material to the docket, call Renee V. Wright, Program Manager, Docket Operations, telephone 202-366-9826.

SUPPLEMENTARY INFORMATION:

Public Participation and Request for Comments

We encourage you to participate in this rulemaking by submitting comments and related materials. All comments received will be posted, without change, to <http://www.regulations.gov> and will include any personal information you have provided.

Submitting Comments

If you submit a comment, please include the docket number for this rulemaking (USCG-2008-1016), indicate the specific section of this document to which each comment applies, and provide a reason for each suggestion or recommendation. You

may submit your comments and material online, or by fax, mail, or hand delivery, but please use only one of these means. We recommend that you include your name and a mailing address, an e-mail address, or a phone number in the body of your document so that we can contact you if we have questions regarding your submission.

To submit your comment online, go to <http://www.regulations.gov>, select the Advanced Docket Search option on the right side of the screen, insert "USCG-2008-1016" in the Docket ID box, press Enter, and then click on the balloon shape in the Actions column. If you submit your comments by mail or hand delivery, submit them in an unbound format, no larger than 8½ by 11 inches, suitable for copying and electronic filing. If you submit them by mail and would like to know that they reached the Facility, please enclose a stamped, self-addressed postcard or envelope. We will consider all comments and material received during the comment period and may change the rule based on your comments.

Viewing Comments and Documents

To view comments, as well as documents mentioned in this preamble as being available in the docket, go to <http://www.regulations.gov>, select the Advanced Docket Search option on the right side of the screen, insert USCG-2008-1016 in the Docket ID box, press Enter, and then click on the item in the Docket ID column. You may also visit either the Docket Management Facility in Room W12-140 on the ground floor of the Department of Transportation West Building, 1200 New Jersey Avenue SE., Washington, DC, 20590, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays; or the U.S. Coast Guard Sector San Diego, 2710 N. Harbor Drive, San Diego, CA 92101 between 8 a.m. and 3 p.m., Monday through Friday, except Federal holidays. We have an agreement with the Department of Transportation to use the Docket Management Facility.

Privacy Act

Anyone can search the electronic form of comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review a Privacy Act notice regarding our public dockets in the January 17, 2008 issue of the **Federal Register** (73 FR 3316).

Public Meeting

We do not now plan to hold a public meeting. But you may submit a request