

rulemaking is scheduled to end on January 16, 1997. The Commission has determined, in this instance, to extend the comment period.

DATES: Comments on the proposed rulemaking must be received by January 31, 1997.

ADDRESSES: Comments should be mailed to Jean A. Webb, Secretary, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581; transmitted by facsimile to (202) 418-5521; or transmitted electronically to [secretary@cftc.gov].

FOR FURTHER INFORMATION CONTACT: David P. Van Wagner, Special Counsel, Division of Trading and Markets, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581. Telephone: (202) 418-5490.

SUPPLEMENTARY INFORMATION: The Futures Industry Association ("FIA") has filed a petition requesting an extension of time to submit comments on the Commission's proposed rulemaking concerning the review of non-term and condition contract market rule changes. FIA requested a thirty-day extension of the comment period for the proposed rulemaking that currently is scheduled to close on January 16, 1997. FIA stated that it was requesting an extension of the comment period in order to ensure that its members had sufficient opportunity to consider the proposed rulemaking and to prepare any appropriate comment.

The Commission has determined to extend the comment period for the proposed rulemaking by fifteen days until January 31, 1997. The Commission believes that such an extension of the comment period should permit FIA, FIA's members and any other interested parties to evaluate fully the Commission's proposed rulemaking and to submit their comments to the Commission, while also allowing the Commission to deal with this rulemaking in an expeditious manner.

Issued in Washington, D.C. on January 9, 1997, by the Commission.

Jean A. Webb,

Secretary of the Commission.

[FR Doc. 97-1027 Filed 1-15-97; 8:45 am]

BILLING CODE 6351-01-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-252665-96]

RIN 1545-AU82

Intangibles Under Sections 1060 and 338

AGENCY: Internal Revenue Service (IRS), Treasury.

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

SUMMARY: In the Rules and Regulations section of this issue of the Federal Register, the IRS amends the temporary regulations under sections 1060 and 338(b) of the Internal Revenue Code (Code) relating to purchase price allocations in taxable asset acquisitions and deemed asset purchases. The amendments revise the treatment of intangible assets in such acquisitions to take into account the enactment of section 197 by the Omnibus Budget Reconciliation Act of 1993. The regulations provide guidance to parties to taxable asset acquisitions and to deemed asset purchases resulting from elections under section 338. 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 April 16, 1997. Outlines of topics to be discussed at the public hearing scheduled for Thursday, May 22, 1997, at 10 a.m. must be received by May 1, 1997.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (REG 252665-96), room 5228, Internal Revenue Service, POB 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 252665-96), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC. Taxpayers may also 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 the Commissioner's Conference Room, room 3313, Internal Revenue Building, 1111 Constitution Avenue NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT:

Concerning the regulations, Brendan O'Hara at (202) 622-7530; concerning submissions and the hearing, Michael Slaughter, (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

The temporary and final regulations published in the Rules and Regulations section of this issue of the Federal Register amend the current temporary regulations under sections 1060 (§ 1.1060-1T) and 338(b) (§§ 1.338(b)-2T and 1.338(b)-3T), and related examples in the final regulations under section 338 (§ 1.338-3), concerning the treatment of acquired intangible assets.

The text of those temporary regulations also serves as the text of these proposed regulations. The preamble to the temporary and final regulations explains the reasons for the amendments.

The amendments only address the effect of the enactment of section 197. The IRS and Treasury also intend to study other aspects of the current regulations under sections 1060 and 338(b). The current regulations have been the subject of public comments. The IRS and Treasury welcome further comments on all issues raised by the current regulations concerning purchase price allocation under sections 338(b) and 1060.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in EO 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 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 comments that are submitted timely to the IRS. All comments will be available for public inspection and copying.

A public hearing has been scheduled for Thursday, May 22, 1997, at 10 a.m. in the Commissioner's Conference

Room, room 3313, Internal Revenue Building, 1111 Constitution Avenue NW., Washington, DC. Because of access restrictions, visitors will not be admitted beyond the Internal Revenue Service Building lobby more than 15 minutes before the hearing starts.

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

Persons that wish to present oral comments at the hearing must submit comments by April 16, 1997 and submit an outline of the topics to be discussed and the time to be devoted to each topic by May 1, 1997.

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 Brendan P. O'Hara, Office of the Assistant Chief Counsel (Corporate), 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.

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 continues to read in part as follows:

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

Par. 2. Section 1.338(b)-2 is added to read as follows:

§ 1.338(b)-2 Allocation of adjusted grossed-up basis among target assets.

[The text of this section is the same as the text of the amendments to § 1.338(b)-2T published elsewhere in this issue of the Federal Register].

Par. 3. Section 1.338(b)-3 is added to read as follows:

§ 1.338(b)-3 Subsequent adjustments to adjusted grossed-up basis.

[The text of this section is the same as the text of the amendments to § 1.338(b)-3T published elsewhere in this issue of the Federal Register].

Par. 4. Section 1.1060-1 is added to read as follows:

§ 1.1060-1 Special allocation rules for certain asset acquisitions.

[The text of this section is the same as the text of the amendments to § 1.1060-1T published elsewhere in this issue of the Federal Register].

Margaret Milner Richardson,
Commissioner of Internal Revenue.

[FR Doc. 97-655 Filed 1-9-97; 2:53 pm]

BILLING CODE 4830-01-U

26 CFR Part 1

[REG-209709-94]

RIN 1545-AS77

Amortization of Intangible Property

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking and notice of public hearing.

SUMMARY: This document contains proposed regulations relating to the amortization of certain intangible property. The proposed regulations reflect changes to the law made by the Omnibus Budget Reconciliation Act of 1993 (OBRA '93), and affect taxpayers who acquired intangible property after August 10, 1993, or made a retroactive election to apply OBRA '93 to intangibles acquired after July 25, 1991. This document also provides notice of a public hearing on the proposed regulations.

DATES: Comments must be received by April 16, 1997. Requests to appear and outlines of oral comments to be presented at the public hearing scheduled for May 15, 1997, must be received by April 24, 1997.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (REG-209709-94), room 5228, 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-209709-94), 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 of 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 the Commissioner's Conference Room (Room 3313), Internal Revenue Building, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, John

Huffman at (202) 622-3110; concerning submissions and the hearing, Michael Slaughter at (202) 622-8452 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

This document contains proposed regulations under sections 167(f) and 197. These provisions were added to the Internal Revenue Code of 1986 (the Code) by section 13261 of OBRA '93, and apply to intangible property acquired after August 10, 1993 (or after July 25, 1991, if a valid retroactive election to apply OBRA '93 to intangibles has been made pursuant to § 1.197-1T).

The proposed regulations provide definitions and rules for amortization of intangible property subject to sections 197 and 167(f). On June 24, 1994, the IRS published Announcement 94-92 (1994-28 I.R.B. 139) in the Federal Register (59 FR 32670) inviting comments under section 197 relating to the amortization of goodwill and certain other intangibles that should be addressed in proposed regulations. The IRS has reviewed these comments and has addressed certain issues raised in the comments in the proposed regulations. However, because these comments were received in anticipation of the issuance of these proposed regulations, and because these regulations are subject to further comment and a public hearing, no attempt has been made to describe all of the principal comments that are not reflected in these regulations or the reasons therefor.

Explanation of Provisions

1. General Overview

Sections 167(f) and 197 provide comprehensive rules for the depreciation and amortization of many intangible assets. Intangible assets subject to section 197 are broadly defined to include most intangible assets acquired in connection with the acquisition of a trade or business and certain other separately acquired intangible assets. The adjusted basis of an amortizable section 197 intangible must be amortized over a 15-year period. Certain other intangible assets are excluded from section 197 for various reasons. In some cases, such as stock and partnership interests, the asset is property of a character that is not subject to an allowance for depreciation because it represents a permanent investment that can only be recovered through disposition of the asset (including worthlessness). In other cases, such as computer software,