

(1) An action by BIA, the joint managers, or an allottee, the Secretary must immediately notify the BIA's Office of Trust Fund Management and the Minerals Management Service (MMS) of the error and how to correct it;

(2) An action or inaction by MMS, a lessee, payee, or a person or company legally associated with a lessee, MMS must immediately notify the BIA's Office of Trust Fund Management of the error and how to correct it.

Dated: May 22, 1996.

Ada E. Deer,

Assistant Secretary—Indian Affairs.

[FR Doc. 96-13731 Filed 5-31-96; 8:45 am]

BILLING CODE 4310-02-P

25 CFR Parts 271, 272, 274, 277 and 278

RIN 1076 AD 53

Contracts and Grants; School Construction; Special Grants to Small Tribes; Removal of Regulations

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Proposed Rule.

SUMMARY: The Bureau of Indian Affairs (Bureau) is proposing the elimination of 25 CFR Parts 271, 272, 274, 277 and 278 as mandated by Executive Order 12866 to streamline the regulatory process and enhance the planning and coordination of new and existing regulations.

DATES: Comments must be received on or before August 2, 1996.

ADDRESSES: Mail comments to James Thomas, Division of Self-Determination Services, Office of Tribal Services, Bureau of Indian Affairs, Department of the Interior, 1849 C St. NW, Mail Stop 4603-MIB, Washington, DC 20240; OR, hand deliver them to Room 4603 at the above address. Comments will be available for inspection at this address from 9:00 a.m. to 4:00 p.m., Monday through Friday beginning approximately 2 weeks after publication of this document in the Federal Register.

FOR FURTHER INFORMATION CONTACT: James Thomas, Office of Tribal Services, Bureau of Indian Affairs at telephone (202) 208-3463.

SUPPLEMENTARY INFORMATION:

Background

The Bureau is promulgating new rules to implement the Indian Self-Determination and Education Assistance Act, 25 CFR Part 900, which will replace Part 271, Contracts under Indian Self-Determination Act and Part

272, Grants under Indian Self-Determination Act. The Bureau is proposing the elimination of 25 CFR Part 274, School Construction Contracts or Services for Tribally Operated Previously Private Schools, Part 277, School Construction Contracts for Public Schools and Part 278, Special Grants for Economic Development and Core Management Grants to Small Tribes because they are no longer necessary for the administration of Bureau programs.

Supplementary Information

The authority to issue rules and regulations is vested in the Secretary of the Interior by 5 U.S.C. 301 and sections 463 and 465 of the Revised Statutes, 25 U.S.C. 2 and 9.

Publication of this proposed rule by the Department of the Interior (Department) provides the public an opportunity to participate in the rulemaking process. Interested persons may submit written comments regarding this proposed rule to the location identified in the "addresses" section of this document.

Executive Order 12778

The Department has certified to the Office of Management and Budget (OMB) that this rule meets the applicable standards provided in sections 2(a) and 2(b)(2) of Executive Order 12778.

Executive Order 12866

This rule is not a significant regulatory action under Executive Order 12866 and does not require review by the Office of Management and Budget.

Regulatory Flexibility Act

This rule will not have a significant economic impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*).

Executive Order 12630

The Department has determined that this rule does not have "significant takings" implications. This rule does not pertain to "taking" of private property interests, nor does it impact private property.

Executive Order 12612

The Department has determined that this rule does not have significant federalism effects because it pertains solely to Federal-tribal relations and will not interfere with the roles, rights and responsibilities of states.

NEPA Statement

The Department has determined that this rule does not constitute a major

Federal action significantly affecting the quality of the human environment and that no detailed statement is required pursuant to the National Environmental Policy Act of 1969.

Unfunded Mandates Act of 1995

This rule imposes no unfunded mandates on any governmental or private entity and is in compliance with the provisions of the Unfunded Mandates Act of 1995.

Paperwork Reduction Act of 1995

This rule contains no information collection requirement that would require notification to the Office of Management and Budget.

Drafting Information

The primary author of this document is Harriet Brown, Bureau of Indian Affairs.

List of Subjects

25 CFR Part 271

Indians—tribal government, Indians—contracting.

25 CFR Part 272

Indians—tribal government, Indians—grants.

25 CFR Parts 274 and 277

Indians—school construction.

25 CFR Part 278

Indians—special grants for economic development—core management grants.

Under the authority of Executive Order 12866, and for the reasons stated above, 25 CFR parts 271, 272, 274, 277 and 278 are proposed to be removed.

Dated: May 24, 1996.

Ada E. Deer,

Assistant Secretary—Indian Affairs.

[FR Doc. 96-13728 Filed 5-31-96; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[INTL-0054-95]

RIN 1545-AT96

Proposed Amendments to the Regulations on the Determination of Interest Expense Deduction of Foreign Corporations and Branch Profits Tax; Hearing

AGENCY: Internal Revenue Service, Treasury.

ACTION: Change of location of public hearing.

SUMMARY: This document changes the location of the public hearing on proposed regulations relating to the determination of the interest expense deduction of foreign corporations and branch profits tax.

DATES: The public hearing is being held on Thursday, June 6, 1996, beginning at 10:00 a.m.

ADDRESSES: The public hearing originally scheduled in the IRS Auditorium, Seventh floor, 7400 Corridor, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC is changed to room 5718, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Mike Slaughter of the Regulations Unit, Assistant Chief Counsel (Corporate), (202) 622-7190, (not a toll-free number).

SUPPLEMENTARY INFORMATION: A notice of public hearing appearing in the Federal Register on Friday, March 8, 1996 (61 FR 9377), announced that a public hearing relating to proposed regulations under sections 882 and 884 of the Internal Revenue Code will be held Thursday, June 6, 1996, beginning at 10:00 a.m. in the IRS Auditorium, Seventh floor, 7400 Corridor, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC and that requests to speak and outlines of oral comments should be received by Thursday, May 23, 1996.

The location of the public hearing has changed. The hearing is being held in room 5718 on Thursday, June 6, 1996, beginning at 10:00 a.m. The requests to speak and outlines of oral comments should be received by Thursday, May 23, 1996. Because of controlled access restrictions, attendees cannot be admitted beyond the lobby of the Internal Revenue Building until 9:45 a.m.

Copies of the agenda are available free of charge at the hearing.

Cynthia E. Grigsby,
Chief, Regulations Unit, Assistant Chief Counsel (Corporate).

[FR Doc. 96-13723 Filed 5-31-96; 8:45 am]

BILLING CODE 4830-01-U

26 CFR Part 1

[IA-292-84]

RIN 1545-AU11

Section 467 Rental Agreements

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 treatment of rent and interest under certain agreements for the lease of tangible property. The proposed regulations apply to certain rental agreements that provide increasing or decreasing rents, or deferred or prepaid rent. This document also provides notice of a public hearing on these regulations.

DATES: Written comments, requests to appear and outlines of topics to be discussed at the public hearing scheduled for September 25, 1996, must be received by September 3, 1996.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (IA-292-84), 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 (IA-292-84), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC. The public hearing will be held in the Commissioner's Conference Room, 3rd Floor, 1111 Constitution Avenue NW., Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Forest Boone of the Office of Assistant Chief Counsel (Income Tax and Accounting) at (202) 622-4960; concerning submissions and the public hearing, Mike Slaughter at (202) 622-7190 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

This document contains proposed amendments to the Income Tax Regulations (26 CFR part 1) relating to section 467 of the Internal Revenue Code (Code). This section was added by the Tax Reform Act of 1984. In general, section 467 requires parties to certain rental agreements to accrue rent and interest in accordance with the rules specified in section 467. These proposed regulations provide guidance regarding the applicability of section 467, and the amount of rent and interest required to be accrued under section 467. No inference should be drawn from any provision in the proposed regulations concerning whether an arrangement constitutes a lease for Federal income tax purposes.

Explanation of Provisions

1. Section 467 Rental Agreements

Section 467(a) provides that, if a rental agreement is a section 467 rental agreement, the lessor and lessee must

take into account for a taxable year the section 467 rent and the section 467 interest for that year. A section 467 rental agreement is a rental agreement that has increasing or decreasing rents, or prepaid or deferred rents. A rental agreement has increasing or decreasing rents if the annualized fixed rent allocated to any rental period exceeds the annualized fixed rent allocated to any other rental period in the lease term. The proposed regulations provide that a rent holiday at the beginning of the lease term is disregarded in determining whether the rental agreement has increasing or decreasing rent if the rent holiday period is three months or less.

In addition, the proposed regulations provide that a rental agreement has increasing or decreasing rent if it requires (or may require) the payment of contingent rent, other than contingent rent that is contingent due to (a) a provision computing rent based on a percentage of the lessee's gross or net receipts (but only if the percentage does not vary throughout the term of the lease); (b) adjustments based on a reasonable price index; or (c) a provision requiring the lessee to pay real estate taxes, insurance premiums, maintenance costs, or any other cost (other than a debt service cost) that relates to the leased property and is not within the control of the lessor or lessee or a person related to the lessor or lessee.

Section 467(d)(1)(A) provides that a rental agreement has deferred rent if rent allocated to a calendar year is payable after the close of the succeeding calendar year. The proposed regulations provide that there is prepaid rent if rent allocated to a calendar year is payable prior to the beginning of the prior calendar year.

Section 467(d)(2) provides that section 467 does not apply to a rental agreement if the aggregate rental payments and other consideration to be received for the use of the property do not exceed \$250,000.

2. Section 467 Rent

Under the proposed regulations, the section 467 rent for a taxable year is the sum of the fixed rent for any rental periods that begin and end in the taxable year, a ratable portion of the fixed rent for other rental periods beginning or ending in the taxable year, and any contingent rent that accrues in the taxable year. In general, the proposed regulations provide that rental periods may be of any length as long as (a) the rental periods are one year or less, cover the entire lease term, and do not overlap, and (b) each scheduled