

significant impact and the evidence supporting that finding, contained in an environmental assessment, may be seen in the Dockets Management Branch (address above) between 9 a.m. and 4 p.m., Monday through Friday.

Any person who will be adversely affected by this regulation may at any time on or before April 22, 1996, file with the Dockets Management Branch (address above) written objections thereto. Each objection shall be separately numbered, and each numbered objection shall specify with particularity the provisions of the regulation to which objection is made and the grounds for the objection. Each numbered objection on which a hearing is requested shall specifically so state. Failure to request a hearing for any particular objection shall constitute a waiver of the right to a hearing on that objection. Each numbered objection for which a hearing is requested shall include a detailed description and analysis of the specific factual information intended to be presented in support of the objection in the event that a hearing is held. Failure to include such a description and analysis for any particular objection shall constitute a waiver of the right to a hearing on the objection. Three copies of all documents shall be submitted and shall be identified with the docket number found in brackets in the heading of this document. Any objections received in response to the regulation may be seen in the Dockets Management Branch between 9 a.m. and 4 p.m., Monday through Friday.

List of Subjects in 21 CFR Part 573

Animal feeds, Food additives.

Therefore, under the Federal Food, Drug, and Cosmetic Act and under authority delegated to the Commissioner of Food and Drugs and redelegated to the Center for Veterinary Medicine, 21 CFR part 573 is amended as follows:

PART 573—FOOD ADDITIVES PERMITTED IN FEED AND DRINKING WATER OF ANIMALS

1. The authority citation for 21 CFR part 573 continues to read as follows:

Authority: Secs. 201, 402, 409 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321, 342, 348).

§ 573.870 [Amended]

2. Section 573.870 *Poly(2-vinylpyridine-co-styrene)* is amended in the introductory text and in paragraph (b) by adding the phrase "and dairy cattle and replacement dairy heifers" after the phrase "beef cattle".

Dated: March 6, 1996.
Stephen F. Sundlof,
Director, Center for Veterinary Medicine.
[FR Doc. 96-6738 Filed 3-20-96; 8:45 am]
BILLING CODE 4160-01-F

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 8653]

RIN 1545-AS75

Hedging Transaction by Members of a Consolidated Group; Correction

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction of final regulations.

SUMMARY: This document contains a correction to the final regulations [TD 8653] which were published in the Federal Register for Monday, January 8, 1996 (61 FR 517). The final regulations relate to the character and timing of gain or loss from certain hedging transactions entered into by members of a consolidated group.

EFFECTIVE DATE: February 7, 1996.

FOR FURTHER INFORMATION CONTACT: Jo Lynn Ricks of the Office of the Assistant Chief Counsel (Financial Institutions and Products), (202) 622-3920 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations which are the subject of this correction are under sections 446 and 1221 of the Internal Revenue Code.

Need for Correction

As published, TD 8653 contains an error that is in need of correction.

Correction of Publication

Accordingly, the publication of the final regulations which is the subject of FR Doc. 96-178, is corrected as follows:

§ 1.1221-2 [Corrected]

On page 520, column 2, § 1.1221-2, paragraph (d)(2)(iv), last line, the language "after the date so indicated." is corrected to read "after the date so indicated. The election may be revoked only with the consent of the Commissioner."

Cynthia E. Grigsby,
Chief, Regulations Unit, Assistant Chief Counsel (Corporate).
[FR Doc. 96-6483 Filed 3-20-96; 8:45 am]
BILLING CODE 4830-01-U

26 CFR Part 1

[TD 8648]

RIN 1545-AB21

Controlling Corporation's Basis Adjustment in its Controlled Corporation's Stock Following a Triangular Reorganization; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains a correction to final regulations [TD 8648] which were published in the Federal Register for Thursday, December 21, 1995 (60 FR 66077). The final regulations relate to the rules for adjusting the basis of a controlling corporation in the stock of a controlled corporation as the result of certain triangular reorganizations involving the stock of the controlling corporation.

EFFECTIVE DATE: December 21, 1995.

FOR FURTHER INFORMATION CONTACT: Curt Cutting, (202) 622-7550 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are the subject of this correction are under sections 358, 1032, and 1502 of the Internal Revenue Code.

Need for Correction

As published, TD 8648 contains a typographical error that is in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations which are the subject of FR Doc. 95-30875, is corrected as follows:

§ 1.358-6 [Corrected]

On page 66080, column 3, § 1.358-6 (c)(4), in paragraph (d) of *Example 2*, line 9, the language "Under 1.358-6 (c)(2)(i)(A), *P*'s basis in its *T*" is corrected to read "Under § 1.358-6 (c)(2)(i)(A), *P*'s basis in its *T*".

Cynthia E. Grigsby,
Chief, Regulations Unit, Assistant Chief Counsel (Corporate).
[FR Doc. 96-6484 Filed 3-20-96; 8:45 am]
BILLING CODE 4830-01-U

26 CFR Parts 1 and 31

[TD 8661]

RIN 1545-AU10

Federal Tax Deposits by Electronic Funds Transfer**AGENCY:** Internal Revenue Service (IRS), Treasury.**ACTION:** Temporary regulations.

SUMMARY: This document contains temporary regulations relating to the deposit of Federal taxes by electronic funds transfer (EFT) under section 6302 of the Internal Revenue Code. The document also includes temporary regulations providing authority for the voluntary payment of certain Federal taxes by EFT. The regulations would provide the public with additional guidance needed to make deposits by EFT and would affect certain taxpayers not previously required to make deposits by EFT. The text of these temporary regulations also serves as the text of a cross-reference notice of proposed rulemaking on this subject in the Proposed Rules section of this issue of the Federal Register.

EFFECTIVE DATE: March 21, 1996.

FOR FURTHER INFORMATION CONTACT: Vincent G. Surabian, 202-622-6232 (not a toll-free number).

SUPPLEMENTARY INFORMATION:**Background**

On July 11, 1994, the IRS issued Treasury Decision 8553 (59 FR 35414), setting forth temporary regulations relating to the deposit of Federal taxes by EFT. Those temporary regulations explained which taxpayers must make deposits by electronic funds transfer, which taxes must be so deposited, and when the deposits must commence. The text of those temporary regulations also served as the text of a cross-reference notice of proposed rulemaking published in the same issue of the Federal Register at 59 FR 35418.

The IRS received many comment letters in response to the publication of those temporary regulations. In addition, a number of oral comments were made at the public hearing held on October 3, 1994. With limited exceptions, those comments will not be addressed in this document, but instead will be addressed in final regulations that the IRS expects to publish in the near future.

Under the temporary regulations currently in place, the requirement to begin EFT deposits is based on the taxpayer's total deposits of the taxes imposed by chapters 21 (FICA taxes), 22

(railroad retirement taxes) and 24 (income tax withheld at source) of the Internal Revenue Code during certain "determination periods." If the taxpayer's deposits of those taxes during a determination period exceed a prescribed dollar threshold, the taxpayer must begin to deposit by EFT on and after the applicable effective date prescribed in the temporary regulations, unless otherwise exempted.

The amendments to the temporary regulations set forth in this document provide a special rule for any taxpayer that does not make deposits of the taxes imposed by chapters 21, 22, and 24, but that does make deposits of other taxes required to be deposited pursuant to regulations issued under section 6302 (for instance, corporate income taxes). If the taxpayer's total deposits for all other depository taxes during a prescribed determination period exceed a prescribed dollar threshold, the taxpayer must begin depositing by EFT on and after the applicable effective date prescribed in these amendments to the temporary regulations, unless otherwise exempted. (A taxpayer will become subject to the EFT requirement for the January 1, 1998, applicable effective date by exceeding the threshold amount during either calendar year 1995 or calendar year 1996.) The phase-in schedule is as follows:

Threshold amount	Determination period	Applicable effective date
\$50 thousand	1-1-95 to 12-31-95.	January 1, 1998.
\$50 thousand	1-1-96 to 12-31-96.	January 1, 1998.
\$20 thousand	1-1-97 to 12-31-97.	January 1, 1999.

The current temporary regulations provide that a taxpayer subject to the EFT requirement must use EFT for all deposits required to be made on and after the applicable effective date. This requirement may subject a taxpayer to two different modes of deposit with respect to the same return period. For example, assume an employer is required to deposit by EFT beginning with the January 1, 1997, applicable effective date. The employer pays its employees weekly and has a payday on December 31, 1996. The employment taxes incurred for that payday would be reportable on the fourth quarter 1996 Form 941, but the due date for the deposit of those taxes would occur in early January 1997. Under the current rule, all the deposits relating to the fourth quarter 1996 Form 941 would be made by paper coupon (FTD coupon) with the exception of the deposit for the December 31 payroll, which would be

made by EFT. For purposes of consistency, this rule is being changed with respect to the January 1, 1997, applicable effective date and thereafter to provide that the first deposit required to be made by EFT is the first deposit with respect to a deposit obligation incurred for a return period beginning on or after the applicable effective date. Thus, under the revised rule, the deposit with respect to the December 31 payday in the example would be made by FTD coupon rather than by EFT.

The current temporary regulations provide that a deposit by EFT is deemed made (i) at the time a debit is made (the amount is withdrawn from the taxpayer's account) if the Government's authorized financial agent debits the taxpayer's account; or (ii) in all other cases, at the time the funds are credited to the Treasury's general account. Comments by the Federal Reserve Board, the Financial Management Service, and IRS personnel recommended a clarification of that provision. Based on those recommendations, the current temporary regulations are amended to provide that a deposit by EFT is deemed made (i) at the time a debit is made (the amount is withdrawn from the taxpayer's account and not returned or reversed) if the Government's authorized agent originates a debit entry which instructs the taxpayer's financial institution to debit the taxpayer's account for a Federal tax payment; or (ii) in all other cases (assuming the amount is not returned or reversed), either at the time the funds are paid into the Treasury's general account at the Federal Reserve Bank of New York or at the time the funds are invested under Treasury's Tax and Loan program (see 31 CFR Part 203). Investment occurs when the funds are credited by the Federal Reserve Bank to the depository institution's note balance.

These temporary regulations also define the term *taxpayer*. For purposes of the EFT requirement, a taxpayer is any person required to deposit federal taxes, including not only individuals, but also any trust, estate, partnership, association, company or corporation. This definition responds to numerous inquiries following the issuance of the current temporary regulations.

Sections 31.6302-1T(h)(2) (describing the taxes required to be deposited by EFT) and 31.6302-1T(h)(8) (describing when a deposit of tax by EFT is deemed to be a payment of tax) have been revised solely for purposes of clarity. No substantive change is being made to either of the provisions.

These temporary regulations allow individual taxpayers to make voluntary

payments of income tax by EFT, even though individual income tax is not required to be deposited with a government depository. The voluntary EFT payments are to be made in accordance with instructions provided in procedures to be prescribed by the Commissioner at a future date.

Special Analyses

It has been determined that this Treasury decision 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) and the Regulatory Flexibility Act (5 U.S.C. chapter 6) do not apply to these rules and, therefore, a Regulatory Flexibility Analysis is not required. Pursuant to section 7805(f) of the Internal Revenue Code, a copy of these temporary regulations will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on their impact on small business.

Drafting Information

The principal author of these regulations is Vincent G. Surabian, Office of the Assistant Chief Counsel (Income Tax & Accounting), IRS. However, other personnel from the IRS and Treasury Department participated in their development.

List of Subjects

26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

26 CFR Part 31

Employment taxes, Income taxes, Penalties, Pensions, Railroad retirement, Reporting and recordkeeping requirements, Social security, Unemployment compensation.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR parts 1 and 31 are 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 1.6302-4T also issued under 26 U.S.C. 6302(a) and (c). * * *

Par. 2. Section 1.6302-4T is added to read as follows:

§ 1.6302-4T Use of financial institutions in connection with individual income taxes (temporary).

Voluntary payments by electronic funds transfer. An individual may voluntarily remit by electronic funds transfer all payments of tax imposed by subtitle A of the Code, including any payments of estimated tax. Such payments must be made in accordance with procedures to be prescribed by the Commissioner.

PART 31—EMPLOYMENT TAXES AND COLLECTION OF INCOME TAX AT SOURCE

Par. 3. The authority citation for part 31 continues to read in part as follows:

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

Par. 4. Section 31.6302-1T is amended as follows:

1. Paragraph (h)(1)(ii)(A) is redesignated as paragraph (h)(1)(ii)(A)(1); the first sentence in newly designated paragraph (h)(1)(ii)(A)(1) is removed, and three new sentences are added in its place; and, in the last sentence of the newly designated paragraph, the text preceding the table is revised.

2. Paragraph (h)(1)(ii)(A)(2) is added.

3. Paragraphs (h)(2), (h)(3), (h)(7) and (h)(8) are revised.

The additions and revisions read as follows:

§ 31.6302-1T Federal tax deposit rules for withheld income taxes and taxes under the Federal Insurance Contributions Act (FICA)—deposits required to be made by electronic funds transfer after December 31, 1994 (temporary).

* * * * *

(h) * * * (1) * * *

(ii) *Periods after December 31, 1994.*

(A)(1) Taxpayers whose aggregate deposits of the taxes imposed by Chapters 21 (Federal Insurance Contributions Act), 22 (Railroad Retirement Tax Act), and 24 (Collection of Income Tax at Source on Wages) of the Internal Revenue Code during a 12-month determination period exceed the applicable threshold amount are required to deposit all depository taxes described in paragraph (h)(2) of this section by electronic funds transfer (as defined in paragraph (h)(3) of this section) unless exempted under paragraph (h)(4) of this section. If the applicable effective date is January 1, 1995, or January 1, 1996, the requirement to deposit by electronic funds transfer applies to all deposits required to be made on and after the applicable effective date. If the applicable effective date is January 1, 1997, or thereafter, the requirement to

deposit by electronic funds transfer applies to all deposits required to be made with respect to deposit obligations incurred for return periods beginning on and after the applicable effective date.

* * * The threshold amounts, determination periods and applicable effective dates for purposes of this paragraph (h)(1)(ii)(A)(1) are as follows:

(2) Unless exempted under paragraph (h)(4) of this section, a taxpayer that does not deposit any of the taxes imposed by chapters 21, 22, and 24 during the applicable determination periods set forth in paragraph (h)(1)(ii)(A)(1) of this section, but that does make deposits of other depository taxes (as described in paragraph (h)(2) of this section), is nevertheless subject to the requirement to deposit by electronic funds transfer if the taxpayer's aggregate deposits of all depository taxes exceed the threshold amount set forth in this paragraph (h)(1)(ii)(A)(2) during an applicable 12-month determination period. This requirement to deposit by electronic funds transfer applies to all depository taxes due with respect to deposit obligations incurred on and after the applicable effective date. The threshold amount, determination periods, and applicable effective dates for purposes of this paragraph (h)(1)(ii)(A)(2) are as follows:

Threshold amount	Determination period	Applicable effective date
\$50 thousand	1-1-95 to 12-31-95.	January 1, 1998.
\$50 thousand	1-1-96 to 12-31-96.	January 1, 1998.
\$20 thousand	1-1-97 to 12-31-97.	January 1, 1999.

* * * * *

(2) *Taxes required to be deposited by electronic funds transfer.* The requirement to deposit by electronic funds transfer under paragraph (h)(1)(ii) of this section applies to all the taxes required to be deposited under §§ 1.6302-1, 1.6302-2, and 1.6302-3 of this chapter; §§ 31.6302-1, 31.6302-2, 31.6302-3, 31.6302-4, and 31.6302(c)-3; and § 40.6302(c)-1 of this chapter.

(3) *Definitions*—(i) *Electronic funds transfer.* An *electronic funds transfer* is any transfer of depository taxes made in accordance with Revenue Procedure 94-48 (1994-2 C.B. 694), (see § 601.601(d)(2) of this chapter), or in accordance with procedures subsequently prescribed by the Commissioner.

(ii) *Taxpayer.* For purposes of this section, a *taxpayer* is any person required to deposit federal taxes, including not only individuals, but also

any trust, estate, partnership, association, company or corporation.

* * * * *

(7) *Time deemed deposited.* A deposit of taxes by electronic funds transfer will be deemed made—

(i) At the time a debit is made (the amount is withdrawn from the taxpayer's account and not returned or reversed) if the Government's authorized agent originates a debit entry which instructs the taxpayer's financial institution to debit the taxpayer's account for a Federal tax payment; or

(ii) In all other cases (assuming the amount is not returned or reversed), either at the time that the funds are paid into the Treasury's general account at the Federal Reserve Bank of New York, or at the time that the funds are invested under Treasury's Tax and Loan program (see 31 CFR part 203). Investment occurs when the funds are credited by the Federal Reserve Bank to the depository institution's note balance.

(8) *Time deemed paid.* In general, an amount deposited under this paragraph (h) will be considered to be a payment of tax on the last day prescribed for filing the applicable return for the return period (determined without regard to any extension of time for filing the return) or, if later, at the time deemed deposited under paragraph (h)(7) of this section. In the case of the taxes imposed by chapters 21 and 24 of the Internal Revenue Code, solely for purposes of section 6511 and the regulations thereunder (relating to the period of limitation on credit or refund), if an amount is deposited prior to April 15th of the calendar year immediately succeeding the calendar year that includes the period for which the amount was deposited, the amount will be considered paid on April 15th.

Margaret Milner Richardson,
Commissioner of Internal Revenue.

Approved: December 22, 1995.

Leslie Samuels,

Assistant Secretary of the Treasury.

[FR Doc. 96-6718 Filed 3-20-96; 8:45 am]

BILLING CODE 4830-01-P

26 CFR Parts 1 and 602

[TD 8638]

RIN 1545-AT44

Certain Transfers of Domestic Stock or Securities by U.S. Persons to Foreign Corporations; Correction

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to temporary regulations.

SUMMARY: This document contains a correction to temporary regulations (TD 8638), which were published in the Federal Register Tuesday, December 26, 1995 (60 FR 66739), that amend the Income Tax Regulations with respect to certain transfers of stock or securities of domestic corporations by United States persons to foreign corporations pursuant to the corporate organization, reorganization, or liquidation provisions of the Internal Revenue Code. The temporary regulations also remove certain parts of the existing temporary regulations regarding transfers by U.S. persons of stock or securities of both domestic and foreign corporations.

EFFECTIVE DATE: December 26, 1995.

FOR FURTHER INFORMATION CONTACT: Philip L. Tretiak, (202) 622-3860 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The temporary regulations that are the subject of this correction is under section 367 Internal Revenue Code.

Need for Correction

As published, the temporary regulations (TD 8638) contains an error which may prove to be misleading and is in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (TD 8638), which were the subject of FR Doc. 95-30829, is corrected as follows:

On page 66739, column 2, in the preamble under the paragraph heading "Applicability and Effective Dates", line 9, the language "for transfers occurring January 25, 1996." is corrected to read "for transfers occurring after January 25, 1996."

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

[FR Doc. 96-6482 Filed 3-20-96; 8:45 am]

BILLING CODE 4830-01-U

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 52

[IL140-1-7283a, IL141-1-7284a; FRL-5441-5]

Approval and Promulgation of Implementation Plans; Illinois

AGENCY: Environmental Protection Agency.

ACTION: Direct final rule.

SUMMARY: The United States Environmental Protection Agency

(USEPA) approves, through direct final procedure, Illinois' November 14, 1995 request to incorporate an exemption for acetone from the definitions of Organic Material and Organic Materials, Petroleum Liquid, and Volatile Organic Matter (VOM) or Volatile Organic Compounds (VOC) contained in the Illinois State Implementation Plan (SIP), and thereby from regulation as an ozone precursor. The USEPA also approves Illinois' November 15, 1995 request to revise the definition of VOM or VOC contained in the Illinois SIP to incorporate an exemption for parachlorobenzotrifluoride and cyclic, branched or linear completely-methylated siloxanes from the definition of VOM or VOC and thereby, from regulation as ozone precursors. These requested SIP revisions were made in response to, and consistent with, USEPA's action to add these chemical compounds to the list of chemicals that are exempted from the definition of VOC. In the proposed rules section of this Federal Register, USEPA is proposing approval of and soliciting public comment on these requested SIP revisions. If adverse comments are received on this action, USEPA will withdraw this final rule and address the comments received in response to this action in a final rule on the related proposed rule which is being published in the proposed rules section of this Federal Register. A second public comment period will not be held. Parties interested in commenting on this action should do so at this time.

DATES: This action is effective May 20, 1996 unless adverse or comments not previously addressed by the State or USEPA are received by April 22, 1996. If the effective date of this action is delayed due to adverse comments, timely notice will be published in the Federal Register.

ADDRESSES: Written comments should be sent to: J. Elmer Bortzer, Chief, Regulation Development Section, Air Programs Branch (AR-18J), U.S. Environmental Protection Agency, 77 West Jackson Boulevard, Chicago, Illinois, 60604.

Copies of the Illinois submittal are available for public review during normal business hours, between 8:00 a.m. and 4:30 p.m., at the above address.

A copy of this SIP revision is also available for inspection at: Office of Air and Radiation (OAR), Docket and Information Center (Air Docket 6102), Room 1500, U.S. Environmental Protection Agency, 401 M Street, S.W., Washington, D.C. 20460.

FOR FURTHER INFORMATION CONTACT: Randolph O. Cano, Regulation