

and Southwest Federal milk orders under Federal order reform.

Pursuant to 5 U.S.C. 553, it is also found and determined upon good cause that it is impracticable, unnecessary, and contrary to the public interest to give preliminary notice prior to putting this rule into effect, and that good cause exists for not postponing the effective date of this rule until 30 days after publication in the **Federal Register** because:

(a) The suspension is necessary to reflect current marketing conditions and to assure orderly marketing conditions in the marketing areas, in that such rule is necessary to permit the continued pooling of the milk of dairy farmers who have historically supplied the market without the need for making costly and inefficient movements of milk;

(b) This suspension does not require of persons affected substantial or extensive preparation prior to the effective date; and

(c) This interim final rule provides a 60-day comment period, and all comments will be considered prior to finalization of this rule.

List of Subjects in 7 CFR Parts 1131 and 1138

Milk marketing orders.

For the reasons set forth in the preamble, 7 CFR Parts 1131 and 1138 are amended as follows for the period of one day following publication of this rule in the **Federal Register** until implementation of Federal order reform:

1. The authority citation for 7 CFR Parts 1131 and 1138 continues to read as follows:

Authority: 7 U.S.C. 601–674.

PART 1131—MILK IN THE CENTRAL ARIZONA MARKETING AREA

§ 1131.7 [Suspended in part]

2. In § 1131.7(c), the words “50 percent or more of”, “(including the skim milk and butterfat in fluid milk products transferred from its own plant pursuant to this paragraph that is not in excess of the skim milk and butterfat contained in member producer milk actually received at such plant)”, and “or the previous 12-month period ending with the current month” are suspended.

PART 1138—MILK IN THE NEW MEXICO-WEST TEXAS MARKETING AREA

§ 1138.7 [Suspended in part]

3. In § 1138.7(a)(1), the words “including producer milk diverted from the plant” are suspended;

4. In § 1138.7(c) introductory text, the words “35 percent or more of the producer” are suspended.

§ 1138.13 [Suspended in part]

5. In § 1138.13, paragraphs (d)(1), (2), and (5) are suspended.

Dated: November 3, 1999.

F. Tracy Schonrock,

Acting Deputy Administrator, Dairy Programs.

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DEPARTMENT OF THE TREASURY

Customs Service

19 CFR Part 10

[T.D. 99–79]

Foreign Locomotives and Railroad Equipment in International Traffic; Technical Amendment

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Final rule.

SUMMARY: In accordance with Customs policy of periodically reviewing its regulations to ensure that they are consistent, this document makes a minor technical amendment to the Customs Regulations regarding entry requirements for foreign locomotives and railroad equipment that are brought into the United States in international traffic.

EFFECTIVE DATE: November 10, 1999.

FOR FURTHER INFORMATION CONTACT: Glen E. Vereb, Office of Regulations and Rulings, (202–927–2320).

SUPPLEMENTARY INFORMATION:

Background

Section 322, Tariff Act of 1930, as amended (19 U.S.C. 1322), provides that vehicles and other instruments of international traffic, of any class specified by the Secretary of the Treasury, shall be excepted from the application of the Customs laws, including the requirement of entry, to such an extent and subject to such terms and conditions as may be prescribed in regulations or instructions of the Secretary of the Treasury.

In this regard, § 10.41(a), Customs Regulations (19 CFR 10.41(a)), states that locomotives and other railroad equipment, as well as trucks, buses, taxicabs, and other vehicles used in international traffic are subject to the treatment provided in part 123, Customs Regulations (19 CFR part 123).

In particular, § 123.12(a) and (b) describes the circumstances under

which foreign locomotives or other railroad equipment may be admitted to the United States without the requirement of an entry; and § 123.14(c) likewise describes the circumstances under which foreign-based trucks, buses and taxicabs may be admitted to the United States without the requirement of an entry.

Against this backdrop, § 10.41(d) prescribes, in pertinent part, that any foreign-owned vehicle brought into the United States for the purpose of carrying passengers or merchandise domestically for hire or as an element of a commercial transaction, except as provided at § 123.14(c), would be subject to treatment as an importation of merchandise from a foreign country and an entry would be required for such vehicle.

The citation in § 10.41(d) to § 123.14(c) covers foreign trucks, buses and taxicabs. However, there is no reference to § 123.12(a) and (b), as there also should properly be in § 10.41(d), concerning foreign locomotives and railroad equipment.

Accordingly, consistent with § 10.41(a), § 10.41(d) is changed to make clear that foreign-owned vehicles include locomotives and railroad equipment, as well as trucks, busses and taxicabs. In addition, a reference to § 123.12 (a) and (b) is added to § 10.41(d) to reflect the existing conditions under which foreign locomotives and railway equipment may be admitted to the U.S. without the requirement of a Customs entry.

Furthermore, section 681 of the North American Free Trade Agreement Implementation Act (Pub. L. 103–182; December 8, 1993) added a provision to the Harmonized Tariff Schedule of the United States (HTSUS) exempting from entry railway locomotives classified in headings 8601 and 8602, HTSUS, and railway freight cars classified in heading 8606, HTSUS, on which no duty is owed (see Additional U.S. Note 1, chapter 86, HTSUS). These exemptions from entry are noted in § 141.4(b)(4), Customs Regulations (19 CFR 141.4(b)(4)). Accordingly, to reflect these exemptions from entry, a reference to § 141.4(b)(4) is also added to § 10.41(d).

The Regulatory Flexibility Act, Executive Order 12866 and Inapplicability of Public Notice and Comment and Delayed Effective Date Requirements

Because the amendment merely conforms to existing law and regulatory practice as noted above, notice and public procedure in this case are inapplicable and unnecessary pursuant

to 5 U.S.C. 553(b)(B), and, pursuant to 5 U.S.C. 553(d)(3), a delayed effective date is not required. Since this document is not subject to the notice and public comment requirements of 5 U.S.C. 553, it is not subject to the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). Nor does the amendment result in a "significant regulatory action" under E.O. 12866.

List of Subjects in 19 CFR Part 10

Customs duties and inspection, Imports, International traffic, Reporting and recordkeeping requirements, Vehicles.

Amendment to the Regulations

Part 10, Customs Regulations (19 CFR part 10), is amended as set forth below.

PART 10—ARTICLES CONDITIONALLY FREE, SUBJECT TO A REDUCED RATE, ETC.

1. The general authority citation for part 10 and the relevant specific sectional authority citation continue to read as follows:

Authority: 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States (HTSUS)), 1321, 1481, 1484, 1498, 1508, 1623, 1624, 3314;

* * * * *

Sections 10.41, 10.41a, 10.107 also issued under 19 U.S.C. 1322;

* * * * *

2. Section 10.41 is amended by revising the first sentence of paragraph (d) to read as follows:

§ 10.41 Instruments; exceptions.

* * * * *

(d) Any foreign-owned locomotive or other railroad equipment, truck, bus, taxicab, or other vehicle, aircraft, or undocumented boat brought into the United States for the purpose of carrying merchandise or passengers between points in the United States for hire or as an element of a commercial transaction, except as provided at §§ 123.12 (a) and (b), 123.14(c), and 141.4(b)(4), is subject to treatment as an importation of merchandise from a foreign country and a regular entry for such vehicle, aircraft or boat will be made. * * *

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Raymond W. Kelly,
Commissioner of Customs.

Approved: August 3, 1999.

Dennis M. O'Connell,
Acting Deputy Assistant Secretary of the Treasury.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 8842]

RIN 1545-AW32

Acquisition of an S Corporation by a Member of a Consolidated Group

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final regulations.

SUMMARY: This document contains final regulations under section 1502 of the Internal Revenue Code. These final regulations provide specific rules that apply to the acquisition of the stock of an S corporation by a member of a consolidated group. These rules eliminate the compliance burdens associated with filing a separate return for the day that an S corporation is acquired by a consolidated group. Additionally, the regulations clarify the rule for the filing of the separate return for a corporation's items for the period not included in the consolidated return.

DATES: *Effective Date:* These regulations are effective November 10, 1999.

Applicability Date: For dates of applicability, see § 1.1502-76(b)(6)(i).

FOR FURTHER INFORMATION CONTACT: Vincent Daly, (202) 622-7770 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background and Explanation of Provisions

On December 17, 1998, the IRS published in the **Federal Register** a notice of proposed rulemaking (REG-106219-98, 63 FR 69581), concerning acquisitions by a consolidated group of at least eighty percent of the stock of an S corporation. Although a comment was received questioning the advisability of a special rule for the acquisition of an S corporation, the IRS and Treasury have determined the rules are necessary to eliminate the administrative burden of filing a separate tax return for the day the S corporation is acquired. The proposed regulations are adopted by this Treasury decision.

Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It is hereby certified that these regulations will not have a significant economic impact on a substantial number of small entities. This certification is based on

the fact that the regulations will provide administrative relief to small entities by removing the administrative burden of filing a separate one-day return currently required for certain acquisitions. Therefore, a Regulatory Flexibility Analysis under the Regulatory Flexibility Act (5 U.S.C. chapter 6) is not required. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking preceding these regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal author of these regulations is Jeffrey L. Vogel of the 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.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is 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 1.1362-3 is amended by adding a sentence to the end of paragraph (a) to read as follows:

§ 1.1362-3 Treatment of S termination year.

(a) *In general.* * * * See, however, § 1.1502-76(b)(1)(ii)(A)(2) for special rules for an S election that terminates under section 1362(d) immediately before the S corporation becomes a member of a consolidated group (within the meaning of § 1.1502-1(h)).

* * * * *

Par. 3. Section 1.1502-76 is amended as follows:

1. The text of paragraph (b)(1)(ii)(A) following the paragraph heading is redesignated as paragraph (b)(1)(ii)(A)(1).

2. A paragraph heading for newly designated paragraph (b)(1)(ii)(A)(1) is added.

3. The first sentence of newly designated paragraph (b)(1)(ii)(A)(1) is revised.

4. Paragraph (b)(1)(ii)(A)(2) is added.

5. Paragraph (b)(2)(v) is redesignated as paragraph (b)(2)(vi).