

Notice of Proposed Rulemaking Inflation-Indexed Debt Instruments

REG-242996-96

AGENCY: Internal Revenue Service (IRS), Treasury.

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

SUMMARY: In T.D. 8709, page 5, the IRS is issuing temporary regulations relating to the federal income tax treatment of inflation-indexed debt instruments, including Treasury Inflation-Indexed Securities. The text of the temporary regulations also serves as the text of the proposed regulations. This document also provides notice of a public hearing on the proposed regulations.

DATES: Comments must be received by April 7, 1997. Requests to appear and outlines of topics to be discussed at the public hearing scheduled for April 30, 1997, at 10 a.m. must be received by April 9, 1997.

ADDRESSES: Send submissions to: CC:DOM:CORP:R (REG-242996-96), room 5226, 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-242996-96), 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. A public hearing will be held in the NYU Classroom, room 2615, Internal Revenue Building, 1111 Constitution Avenue NW, Washington, DC.

FOR FURTHER INFORMATION CONTACT: Concerning the regulations, William E. Blanchard, (202) 622-3950, or Jeffrey W. Maddrey, (202) 622-3940; concerning submissions and the hearing, Mike Slaughter, (202) 622-7190 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

T.D. 8709 amends the Income Tax Regulations (26 CFR part 1) relating to

sections 1275 and 1286 of the Internal Revenue Code. The temporary regulations provide rules relating to inflation-indexed debt instruments, including Treasury Inflation-Indexed Securities.

The text of the temporary regulations also serves as the text of the proposed regulations. The preamble to the temporary regulations explains the temporary regulations.

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 proposed 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 (in the manner described in the ADDRESSES portion of this preamble) to the IRS. All comments will be available for public inspection and copying.

A public hearing has been scheduled for April 30, 1997, at 10 a.m. in the NYU Classroom, room 2615, Internal Revenue Building, 1111 Constitution Avenue NW, Washington, DC. Because of access restrictions, visitors will not be admitted beyond the building lobby more than 15 minutes before the hearing starts.

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

Persons who wish to present oral comments at the hearing must submit comments by April 7, 1997, and submit an outline of the topics to be discussed and the time to be devoted to each topic by April 9, 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 William E. Blanchard, Office of Assistant Chief Counsel (Financial Institutions and Products). However, other personnel from the IRS and the Treasury Department participated in their development.

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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 two entries in numerical order to read as follows:

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

Section 1.1275-7 also issued under 26 U.S.C. 1275(d). ***

Section 1.1286-2 also issued under 26 U.S.C. 1286(f). ***

Par. 2. Section 1.1275-7 is added to read as follows:

§ 1.1275-7 Inflation-indexed debt instruments.

[The text of this proposed section is the same as the text of § 1.1275-7T published in T.D. 8709, page 5.]

Par. 3. Section 1.1286-2 is added to read as follows:

§ 1.1286-2 Inflation-indexed debt instruments.

[The text of this proposed section is the same as the text of § 1.1286-2T published in T.D. 8709, page 5.]

Margaret Milner Richardson,
Commissioner of Internal Revenue.

(Filed by the Office of the Federal Register on December 31, 1996, and published in the issue of the Federal Register for January 6, 1997, 62 F.R. 694)