

DEPARTMENT OF COMMERCE**Bureau of Industry and Security****15 CFR Parts 740, 742, 744 and 748**

[Docket No. 06022180-6266-02]

RIN 0694-AD75

Revisions and Clarification of Export and Reexport Controls for the People's Republic of China (PRC); New Authorization Validated End-User**AGENCY:** Bureau of Industry and Security, Commerce.**ACTION:** Proposed rulemaking; extension of comment period.

SUMMARY: This notice extends the comment period on a July 6, 2006 proposed rule in which the Bureau of Industry and Security (BIS) proposed amending the Export Administration Regulations (EAR) to revise and clarify the United States' policy for exports and reexports of dual-use items to the People's Republic of China (PRC).

DATES: All comments on the proposed rule must be received by no later than December 4, 2006.

ADDRESSES: Written comments on this rule may be sent to the Federal eRulemaking Portal: <http://www.regulations.gov>, or by e-mail to publiccomments@bis.doc.gov. Include RIN 0694-AD75 in the subject line of the message. Comments may be submitted by mail or hand delivery to Sheila Quarterman, Office of Exporter Services, Regulatory Policy Division, Bureau of Industry and Security, Department of Commerce, 14th St. & Pennsylvania Avenue, NW., Room 2705, Washington, DC 20230, ATTN: RIN 0694-AD75; or by fax to (202) 482-3355.

FOR FURTHER INFORMATION CONTACT: For further information regarding this notice or the proposed rule, contact Sheila Quarterman, Office of Exporter Services, Regulatory Policy Division, by telephone at (202) 482-2440 or by fax at (202) 482-3355.

SUPPLEMENTARY INFORMATION: On July 6, 2006, the Bureau of Industry and Security (BIS) published a proposed rule in the **Federal Register** (71 FR 38313) that proposed amending the Export Administration Regulations (EAR) to revise and clarify the United States' policy for exports and reexports of dual-use items to the People's Republic of China (PRC). Specifically, the proposed rule states that it is the policy of the United States Government to prevent exports that would make a material contribution to the military

capability of the PRC, while facilitating U.S. exports to legitimate civil end-users in the PRC. Consistent with this policy, BIS proposed to amend the EAR by revising and clarifying United States licensing requirements and licensing policy on exports and reexports of goods and technology to the PRC. The main amendments in the proposed rule include restrictions on certain exports and reexports for military end-users in the PRC; a change in scope of end-user certificate requirement for the PRC; and a new Authorization Validated End-User (VEU).

The proposed rule indicated that the deadline for public comments closes on November 3, 2006. BIS is now extending the comment period until December 4, 2006, to allow the public more time to submit comments in light of discussions heard during the public meetings.

Dated: October 13, 2006.

Eileen Albanese,

Director, Office of Exporter Services.

[FR Doc. E6-17429 Filed 10-18-06; 8:45 am]

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DEPARTMENT OF THE TREASURY**Internal Revenue Service****26 CFR Part 1**

[REG-127819-06]

RIN 1545-BF79

TIPRA Amendments to Section 199

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 is issuing temporary regulations concerning the application of section 199 of the Internal Revenue Code, which provides a deduction for income attributable to domestic production activities. The text of those 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 or electronic comments must be received by January 17, 2007. Outlines of topics to be discussed at the public hearing scheduled for February 5, 2007, must be received by January 16, 2007.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG-127819-06), room 5203, Internal Revenue Service, PO Box

7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 4 p.m. to CC:PA:LPD:PR (REG-127819-06), Internal Revenue Service, Crystal Mall 4 Building, 1901 S. Bell St., Arlington, VA, or sent electronically, via the IRS Internet site at <http://www.irs.gov/regs> or via the Federal eRulemaking Portal at <http://www.regulations.gov> (IRS-REG-127819-06). The public hearing will be held in the auditorium of the New Carrollton Federal Building, 5000 Ellin Rd., Lanham, Maryland 20706.

FOR FURTHER INFORMATION CONTACT:

Concerning the regulations, Paul Handleman or Lauren Ross Taylor, (202) 622-3040; concerning submission of comments, the hearing, and/or to be placed on the building access list to attend the hearing, Kelly D. Banks, (202) 622-7180 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:**Background**

Temporary regulations in the Rules and Regulations section of this issue of the **Federal Register** amend the Income Tax Regulations (26 CFR part 1) relating to section 199. The temporary regulations provide guidance concerning the amendments made by the Tax Increase Prevention and Reconciliation Act of 2005 to section 199 of the Internal Revenue Code. The text of those regulations also serves as the text of these proposed regulations. The preamble to the temporary regulations explains the amendments.

Special Analyses

It has been determined that this notice of proposed rulemaking is not a significant regulatory action as defined in Executive Order 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 their impact on small business.

Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (a signed original and eight (8) copies) or electronic comments that are submitted timely to the IRS.

Comments are requested on all aspects of the proposed regulations. In addition, the IRS and Treasury Department specifically request comments on the clarity of the proposed rules and how they can be made easier to understand. All comments will be available for public inspection and copying.

A public hearing has been scheduled for February 5, 2007 at 10 a.m., in the auditorium of the New Carrollton Federal Building, 5000 Ellin Rd., Lanham, Maryland 20706. Due to building security procedures, visitors must enter at the main entrance. In addition, all visitors must present photo identification to enter the building. Because of access restrictions, visitors will not be admitted beyond the immediate entrance area more than 30 minutes before the hearing starts. For information about having your name placed on the building access list to attend the hearing, see the **FOR FURTHER INFORMATION CONTACT** section of this preamble.

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 electronic or written comments and an outline of the topics to be discussed and the time to be devoted to each topic (a signed original and eight (8) copies) by January 16, 2007. 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 authors of these regulations are Paul Handleman and Lauren Ross Taylor, Office of Associate Chief Counsel (Passthroughs and Special Industries), 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 1.199–2 is amended to read as follows:

§ 1.199–2 Wage limitation.

[The text of proposed § 1.199–2 is the same as the text of § 1.199–2T published elsewhere in this issue of the **Federal Register**.]

Par. 3. Section 1.199–3 is amended to read as follows:

§ 1.199–3 Domestic production gross receipts.

[The text of proposed § 1.199–3 is the same as the text of § 1.199–3T published elsewhere in this issue of the **Federal Register**.]

Par. 4. Section 1.199–5 is amended to read as follows:

§ 1.199–5 Application of section 199 to pass-thru entities for taxable years beginning after May 17, 2006, the enactment date of the Tax Increase Prevention and Reconciliation Act of 2005.

[The text of proposed § 1.199–5 is the same as the text of § 1.199–5T published elsewhere in this issue of the **Federal Register**.]

Par. 5. Section 1.199–7 is amended to read as follows:

§ 1.199–7 Expanded affiliated groups.

[The text of proposed § 1.199–7 is the same as the text of § 1.199–7T published elsewhere in this issue of the **Federal Register**.]

Par. 6. Section 1.199–8 is amended to read as follows:

§ 1.199–8 Other rules.

[The text of proposed § 1.199–8 is the same as the text of § 1.199–8T published elsewhere in this issue of the **Federal Register**.]

Mark E. Matthews,

Deputy Commissioner for Services and Enforcement.

[FR Doc. E6–17409 Filed 10–18–06; 8:45 am]

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG–136806–06]

RIN 1545–BF87

Treatment of Payments in Lieu of Taxes Under Section 141

AGENCY: Internal Revenue Service (IRS), Treasury.

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

SUMMARY: This document contains proposed regulations modifying the

standards for treating payments in lieu of taxes (PILOTs) as generally applicable taxes for purposes of the private security or payment test under section 141 of the Internal Revenue Code (Code). The proposed regulations provide State and local governmental issuers of tax-exempt bonds with guidance for applying the private security or payment test. The proposed regulations affect State and local governmental issuers of tax-exempt bonds. This document also provides notice of a public hearing on these proposed regulations.

DATES: Written or electronic comments must be received by January 16, 2007. Outlines of topics to be discussed at the public hearing scheduled for February 13, 2007, at 10 a.m., must be received by January 16, 2007.

ADDRESSES: Send submissions to: CC:PA:LPD:PR (REG–136806–06), Internal Revenue Service, PO Box 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered to CC:PA:LPD:PR (REG–136806–06), Courier's Desk, Internal Revenue Service, Crystal Mall 4 Building, 1901 S. Bell Street, Arlington, Virginia or sent electronically, via the IRS Internet site at <http://www.irs.gov/regs> or via the Federal eRulemaking Portal at www.regulations.gov (IRS REG–136806–06). The public hearing will be held in the auditorium, Internal Revenue Service, New Carrollton Federal Building, 5000 Ellin Road, Lanham, Maryland 20706.

FOR FURTHER INFORMATION CONTACT: Concerning the proposed regulations, Vicky Tsilas or Carla Young, at (202) 622–3980; concerning submissions of comments, the hearing and/or to be placed on the building access list to attend the hearing, Kelly Banks, at (202) 622–0392 (not toll-free numbers).

SUPPLEMENTARY INFORMATION:

Background

This document contains proposed amendments to the Income Tax Regulations (26 CFR part 1). Final regulations (TD 8712) under section 141 of the Code were published in the **Federal Register** on January 16, 1997 (62 FR 2275) to provide comprehensive guidance on most aspects of the private activity bond restrictions. This document amends the Income Tax Regulations under section 141 of the Code by proposing modifications to the standards for treating payments in lieu of taxes as generally applicable taxes for purposes of the private security or payment test under section 141. These regulations are published as proposed