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Drug labeler code					Firm name and address	
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036904					Sweetlix, LLC, 175 South Main St., suite 150, Salt Lake City, UT 84111	
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Dated: February 8, 2001.

**Claire M. Lathers,**

*Director, Office of New Animal Drug Evaluation, Center for Veterinary Medicine.*

[FR Doc. 01-5311 Filed 3-5-01; 8:45 am]

**BILLING CODE 4160-01-S**

## DEPARTMENT OF THE TREASURY

### Internal Revenue Service

#### 26 CFR Part 1

[TD 8944]

**RIN 1545-AX41**

#### Grouping Rules for Foreign Sales Corporation Transfer Pricing

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Final regulations and removal of temporary regulations.

**SUMMARY:** This document contains final regulations and amendments to temporary regulations that provide guidance to taxpayers that have made an election to be treated as a foreign sales corporation (FSC). These regulations permit the grouping of transactions for purposes of applying the administrative pricing (including marginal costing) rules to determine FSC transfer prices and provide a time for filing for the election to group transactions.

**DATES:** *Effective date:* These regulations are effective March 2, 2001.

*Applicability:* For dates of applicability, see § 1.925(a)-1(c)(8)(i).

**FOR FURTHER INFORMATION CONTACT:** Christopher J. Bello (202) 874-1490 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background

On March 3, 1987, the IRS and Treasury published temporary

regulations (TD 8126, 1978-1 C.B. 184) in the **Federal Register** (52 FR 6428) to provide (among other things) rules for grouping transactions for purposes of applying the FSC transfer pricing rules. A notice of proposed rulemaking (INTL-153-86, 1987-1 C.B. 799) cross-referencing the temporary regulations and inviting comments and requests for a public hearing was published on the same day in the **Federal Register** (52 FR 6467). Written comments concerning the proposed regulations were received and a public hearing was held.

On March 3, 1998, the IRS and Treasury amended the above temporary regulations by publishing temporary regulations (TD 8764, 1998-1 C.B. 844) in the **Federal Register** (63 FR 10305) that (among other things) modified the time for filing the election to group transactions for purposes of applying the administrative pricing (including marginal costing) rules to determine FSC transfer prices. A notice of proposed rulemaking (REG-102144-98, 1998-1 C.B. 860) cross-referencing the temporary regulations and notice of public hearing was published on the same day in the **Federal Register** (63 FR 10351). Written comments concerning the proposed regulations were received and, on June 24, 1998, a public hearing was held.

After consideration of all the comments, certain proposed regulations relating to grouping of transactions for FSC transfer pricing are adopted as revised by this Treasury decision.

#### Explanation of Provisions

Section 927(d)(2)(B) of the Internal Revenue Code provides generally that FSCs and their related suppliers may, to the extent provided in regulations, elect to apply the FSC transfer pricing provisions under section 925 on the basis of groups of transactions based on

product lines or recognized industry or trade usage, rather than on a transaction-by-transaction basis. Sections 1.925(a)-1T(c)(8)(i) and 1.925(b)-1T(b)(3)(i) of the temporary regulations permit taxpayers, at their annual choice, to group transactions in applying the administrative pricing (including marginal costing) rules to determine FSC transfer prices. Such grouping elections must be evidenced on a Schedule P of the FSC's timely filed (including extensions) U.S. income tax return for the taxable year. No untimely or amended returns are allowed to make a grouping election, change a grouping basis, or change from a grouping basis to a transaction-by-transaction basis (collectively "grouping redeterminations").

Section 1.925(a)-1T(c)(8)(i) of the temporary regulations also contains a transition rule that requires grouping redeterminations for any taxable year beginning before January 1, 1998, to be made no later than the due date of the FSC's timely filed (including extensions) U.S. income tax return for the FSC's first taxable year beginning after December 31, 1997 (transition rule).

Conforming changes are reflected in §§ 1.925(a)-1T(e)(4) and 1.925(b)-1T(b)(3)(i) of the temporary regulations.

Commentators requested that the rule limiting grouping elections to timely filed returns be removed to allow taxpayers to maximize FSC benefits and correct grouping errors. Other commentators requested that the time limit for grouping elections be replaced by a case-by-case analysis that would disallow only those grouping redeterminations that are abusive. Commentators also suggested alternative time limits that would allow taxpayers to file amended returns to reflect grouping redeterminations within a

specified time limit (for example, one year from the extended due date of the original return). In response to these comments, the Treasury and the IRS have revised the time limits for filing grouping elections under § 1.925(a)-1T(c)(8)(i). Accordingly, these regulations permit grouping redeterminations no later than one year after the due date of the FSC's timely filed (including extensions) U.S. income tax return for taxable years beginning after December 31, 1999. For any taxable year beginning before January 1, 2000, a grouping redetermination may be made no later than the due date of the FSC's timely filed (including extensions) U.S. income tax return for the FSC's first taxable year beginning on or after January 1, 2000.

Commentators also suggested that the transition rule be extended by two or more years to enable taxpayers to assemble data and determine the most advantageous groupings for taxable years beginning before January 1, 1998. In response, the IRS on May 17, 1999, published Notice 99-24 (1999-1 C.B. 1069). Notice 99-24 notified taxpayers that the IRS and Treasury intended to extend by one year the transition rule for such years. These regulations provide a further extension of the transition rule time limit.

These regulations also provide an additional time period for certain taxpayers to make grouping redeterminations notwithstanding the time limits for filing grouping redeterminations otherwise specified in these regulations. In particular, a grouping redetermination may be made at any time during the one-year period commencing upon notification of the related supplier by the Internal Revenue Service of an examination, provided that both the FSC and the related supplier agree to extend their respective statutes of limitations for assessment by one year. The IRS and Treasury anticipate the IRS and taxpayers to plan and conduct examinations in a manner consistent with the foregoing provision so as to facilitate efficient and fair administration of the FSC grouping rules for transfer pricing.

Finally, these regulations provide that the requirements under § 1.925(a)-1T(e)(4) with respect to redeterminations other than grouping also apply to grouping redeterminations.

### 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 has also 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 regulation does 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, the temporary regulations and notice of proposed rule-making preceding these regulations were 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 Christopher J. Bello of the Office of the Associate Chief Counsel (International). Other personnel from the IRS and Treasury Department also participated in the development of these regulations.

### List of Subjects 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirement.

### 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 is amended by adding an entry in numerical order for section 1.925(a)-1 to read as follows:

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

Section 1.925(a)-1 also issued under 26 U.S.C. 925(b)(1) and (2) and 927(d)(2)(B). \* \* \*

**Par. 2.** Section 1.925(a)-1 is added to read as follows:

### § 1.925(a)-1 Transfer pricing rules for FSCs.

(a) through (c)(7) [Reserved] For further guidance, see § 1.925(a)-1T(a) through (c)(7).

(c)(8) *Grouping transactions.* (i) The determinations under this section are to be made on a transaction-by-transaction basis. However, at the annual choice made by the related supplier if the administrative pricing methods are used, some or all of these determinations may be made on the basis of groups consisting of products or product lines. The election to group transactions shall be evidenced on Schedule P of the FSC's U.S. income tax return for the taxable year. No untimely or amended returns filed later than one year after the due date of the FSC's timely filed (including extensions) U.S. income tax return will be allowed to

elect to group, to change a grouping basis, or to change from a grouping basis to a transaction-by-transaction basis (collectively "grouping redeterminations"). The rule of the previous sentence is applicable to taxable years beginning after December 31, 1999. For any taxable year beginning before January 1, 2000, a grouping redetermination may be made no later than the due date of the FSC's timely filed (including extensions) U.S. income tax return for the FSC's first taxable year beginning on or after January 1, 2000. Notwithstanding the time limits for filing grouping redeterminations otherwise specified in the previous three sentences, a grouping redetermination may be made at any time during the one-year period commencing upon notification of the related supplier by the Internal Revenue Service of an examination, provided that both the FSC and the related supplier agree to extend their respective statutes of limitations for assessment by one year. In addition, any grouping redeterminations made under this paragraph must meet the requirements under § 1.925(a)-1T(e)(4) with respect to redeterminations other than grouping. The language "or grouping of transactions" is removed from the fourth sentence of § 1.925(a)-1T(e)(4), applicable to taxable years beginning after December 31, 1997. See also § 1.925(b)-1T(b)(3)(i).

(c)(8)(ii) through (f) [Reserved] For further guidance, see § 1.925(a)-1T(c)(8)(ii) through (f).

(g) *Effective date.* The provisions of this section apply on or after March 2, 2001.

**Par. 3.** Section 1.925(a)-1T is amended as follows:

1. Paragraph (c)(8)(i) is revised.
2. The last sentence of paragraph (e)(4) is removed.

The revision reads as follows:

### § 1.925(a)-1T Temporary regulations; transfer pricing rules for FSCs.

\* \* \* \* \*

(c) \* \* \*

(8) \* \* \* (i) \* \* \* [Reserved] For further guidance, see § 1.925(a)-1(c)(8)(i).

**§ 1.925(b)–1T [Amended]**

**Par. 4.** Section 1.925(b)–1T is amended by removing the last sentence of paragraph (b)(3)(i).

**Robert E. Wenzel,**

*Deputy Commissioner of Internal Revenue.*

Dated: February 28, 2001.

**Pamela F. Olson,**

*Acting Assistant Secretary of the Treasury.*

[FR Doc. 01–5428 Filed 3–2–01; 8:45 am]

BILLING CODE 4830–01–P

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

[TD 8941]

RIN 1545–AX87

**Obligations of States and Political Subdivisions; Correction**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Correction to final and temporary regulations.

**SUMMARY:** This document contains a correction to final and temporary regulations, TD 8941, which were published in the **Federal Register** on Thursday, January 18, 2001 (66 FR 4661). These regulations provide guidance to issuers of tax-exempt bonds for output facilities.

**DATES:** This correction is effective January 19, 2001.

**FOR FURTHER INFORMATION CONTACT:** Rose M. Weber (202) 622–3980 (not a toll-free number).

**SUPPLEMENTARY INFORMATION:****Background**

The final and temporary regulations that are the subject of this correction are under sections 141 and 142 of the Internal Revenue Code.

**Need for Correction**

As published, TD 8941 contains an error which may prove to be misleading and is in need of clarification.

**Correction of Publication**

Accordingly, the publication of final and temporary regulations, TD 8941, which are the subject of FR Doc. 01–1412, is corrected as follows:

On page 4661, column 1, in the preamble under the paragraph heading “*Paperwork Reduction Act*”, last line of the first paragraph, the language

“number 1545–” is corrected to read “number 1545–1730”.

**Cynthia Grigsby,**

*Chief, Regulations Unit, Office of Special Counsel (Modernization & Strategic Planning).*

[FR Doc. 01–5282 Filed 3–5–01; 8:45 am]

BILLING CODE 4830–01–P

**DEPARTMENT OF THE TREASURY****Bureau of Alcohol, Tobacco and Firearms****27 CFR Part 9**

[T.D. ATF–445; RE: Notice No. 904]

RIN 1512–AA07

**West Elks Viticultural Area (2000R–257P)**

**AGENCY:** Bureau of Alcohol, Tobacco and Firearms (ATF), Treasury

**ACTION:** Final rule, Treasury decision.

**SUMMARY:** This final rule establishes a viticultural area to be known as “West Elks,” located in Delta County, Colorado. This action is the result of a petition filed on behalf of several grape growers and winery owners in the area.

The establishment of viticultural areas and the subsequent use of viticultural area names as appellations of origin in wine labeling and advertising allow wineries to designate the specific areas where the grapes used to make the wine were grown. This enables consumers to better identify the wines they may purchase.

**EFFECTIVE DATE:** May 7, 2001.

**FOR FURTHER INFORMATION CONTACT:** Lisa M. Gesser, Regulations Division, Bureau of Alcohol, Tobacco and Firearms, 650 Massachusetts Avenue, NW., Washington, DC 20226 (202–927–9347).

**SUPPLEMENTARY INFORMATION:****1. Background on Viticultural Areas***What Is ATF’s Authority To Establish a Viticultural Area?*

On August 23, 1978, ATF published Treasury Decision ATF–53 (43 FR 37672, 54624). This decision revised the regulations in 27 CFR part 4, Labeling and Advertising of Wine, to allow the establishment of definitive viticultural areas. The regulations allow the name of an approved viticultural area to be used as an appellation of origin in the labeling and advertising of wine.

On October 2, 1979, ATF published Treasury Decision ATF–60 (44 FR 56692) which added a new part 9 to 27 CFR, American Viticultural Areas, for providing the listing of approved

American viticultural areas, the names of which may be used as appellations of origin.

*What Is the Definition of an American Viticultural Area?*

Section 4.25a(e)(1), title 27, CFR, defines an American viticultural area as a delimited grape-growing region distinguishable by geographical features. Viticultural features such as soil, climate, elevation, topography, etc., distinguish it from surrounding areas.

*What Is Required To Establish a Viticultural Area?*

Any interested person may petition ATF to establish a grape-growing region as a viticultural area. The petition should include:

- Evidence that the name of the proposed viticultural area is locally and/or nationally known as referring to the area specified in the petition;
- Historical or current evidence that the boundaries of the viticultural area are as specified in the petition;
- Evidence relating to the geographical features (climate, soil, elevation, physical features, etc.) that distinguish the viticultural features of the proposed area from surrounding areas;
- A description of the specific boundaries of the viticultural area, based on features that can be found on United States Geological Survey (U.S.G.S.) maps of the largest applicable scale; and
- A copy of the appropriate U.S.G.S. map(s) with the boundaries prominently marked.

**2. West Elks Petition**

ATF received a petition from Barbara E. Heck proposing to establish a viticultural area in Delta County, Colorado, known as “West Elks.” The area encompasses approximately 75 square miles. Over 84 acres of vineyards are currently planted in West Elks and the area presently boasts eighteen vineyard and/or winery businesses.

**Notice of Proposed Rulemaking**

In response to the petition, ATF published a notice of proposed rulemaking, Notice No. 904, in the **Federal Register** on October 16, 2000, (65 FR 61129), proposing the establishment of the West Elks viticultural area. The notice requested comments from interested persons by December 15, 2000.

**Comments on Notice of Proposed Rulemaking**

No comments were received as a result of Notice No. 904.