

# Notice of Proposed Rulemaking and Notice of Public Hearing

## Rules for Property Produced in a Farming Business

**REG-208151-91**

**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. 8729 on page 4 of this Bulletin, the IRS is issuing temporary regulations relating to the application of section 263A of the Internal Revenue Code of 1986 to property produced in a farming business. The regulations affect taxpayers engaged in the business of farming that grow or raise plants or animals. The text of T.D. 8729 also serves as the text of these proposed regulations. This document provides notice of a public hearing on these proposed regulations.

**DATES:** Written comments must be received by November 20, 1997. Requests to speak and outlines of topics to be discussed at the public hearing scheduled for November 19, 1997, must be received by October 29, 1997.

**ADDRESSES:** Send submissions to: CC:DOM:CORP:R (REG-208151-91), 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-208151-91), 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 on the IRS Home Page, or by submitting comments directly to the IRS internet site at [http://www.irs.ustreas.gov/prod/tax\\_regs/comment.html](http://www.irs.ustreas.gov/prod/tax_regs/comment.html). The public hearing will be held in room 2615, Internal Revenue Building, 1111 Constitution Avenue, NW, Washington, DC.

**FOR FURTHER INFORMATION CONTACT:** Concerning the regulations, Jan

Skelton, (202) 622-4970; concerning submissions and the hearing, Michael Slaughter, (202) 622-7190 (not toll-free numbers).

### SUPPLEMENTARY INFORMATION:

#### *Background*

T.D. 8729 amends Regulations on Income Taxes (26 CFR part 1). The regulations provide guidance with respect to the application of section 263A to property produced in a farming business.

The text of those temporary regulations also serves as the text of these 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 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 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 written (a signed original and eight (8) copies) or electronic comments that are submitted timely to the IRS. All comments will be available for public inspection and copying.

A public hearing has been scheduled for Wednesday, November 19, 1997, at 10 a.m., at the Internal Revenue Building, 1111 Constitution Ave., NW, Washington, DC, 20224. 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 that wish to present oral comments at the hearing must submit written comments by November 20, 1997 and submit an outline of the topics to be discussed and the time to be devoted to each topic (signed original and eight (8) copies) by October 29, 1997.

A period of ten 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 Jan Skelton of the Office of Assistant Chief Counsel (Income Tax & Accounting). However, other personnel from the IRS and 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 continues to read in part as follows:

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

Par. 2. Section 1.263A-0 is amended by:

1. Revising the introductory text.
2. Adding the entries for §1.263A-4.

The addition and revision read as follows:

#### *§1.263A-0 Outline of regulations under section 263A.*

This section lists the paragraphs in §§1.263A-1 through 1.263A-4 and §§1.263A-8 through 1.263A-15.

\* \* \* \* \*

#### *§1.263A-4 Rules for property produced in a farming business.*

[The text of the proposed entries for §1.263A-4 in §1.263A-0 is the same as

the text of the entries for §1.263A-4T in §1.263A-0T published in T.D. 8729].

\* \* \* \* \*

Par. 3. Section 1.263A-4 is amended by revising the section heading and adding new text to read as follows:

*§1.263A-4 Rules for property produced in a farming business.*

[The proposed text of §1.263A-4 is the same as the text in §1.263A-4T published in T.D. 8729.]

Michael P. Dolan,  
*Acting Commissioner of  
Internal Revenue.*

(Filed by the Office of the Federal Register on August 21, 1997, 8:45 a.m., and published in the issue of the Federal Register for August 22, 1997, 62 F.R. 44607)

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