

26 CFR Part 601

Administrative practice and procedure, Freedom of information, Reporting and recordkeeping requirements, Taxes.

**Adoption of Amendments to the Regulations**

Accordingly, 26 CFR parts 1, 301, and 601 are 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 1.446-1, paragraph (e)(3)(i) is amended by adding a sentence at the end of the paragraph to read as follows:

**§ 1.446-1 General rule for methods of accounting.**

\* \* \* \* \*

(e)(3) \* \* \* For any Form 3115 filed on or after May 15, 1997, see § 1.446-1T(e)(3)(i)(B).

**Par. 3.** Section 1.446-1T is added to read as follows:

**§ 1.446-1T General rule for methods of accounting (temporary).**

(a) through (d) [Reserved] For further guidance, see § 1.446-1 (a) through (d).

(e) *Requirement respecting the adoption or change of accounting method.*

(1) and (2) [Reserved] For further guidance, see § 1.446-1(e) (1) and (2).

(3)(i)(A) [Reserved] For further guidance, see § 1.446-1(e)(3)(i).

(B) For any Form 3115 filed on or after May 15, 1997, permission to change a taxpayer's method of accounting will not be granted unless the taxpayer agrees to the Commissioner's prescribed terms and conditions for effecting the change, including the taxable year or years in which any adjustment necessary to prevent amounts from being duplicated or omitted is to be taken into account.

(ii) and (iii) [Reserved] For further guidance, see § 1.446-1(e)(3) (ii) and (iii).

**PART 301—PROCEDURE AND ADMINISTRATION**

**Par. 4.** The authority citation for part 301 continues to read in part as follows:

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

**Par. 5.** In § 301.9100-1T, paragraph (h) is amended by adding a sentence at the end of the paragraph to read as follows:

**§ 301.9100-1T Extensions of time to make elections (temporary).**

\* \* \* \* \*

(h) \* \* \* In addition, § 301.9100-3T(c)(2)(i) is effective for any Form 3115 filed on or after May 15, 1997.

**Par. 6.** In § 301.9100-3T, paragraph (c)(2)(i) is revised to read as follows:

**§ 301.9100-3T Other extensions (temporary).**

\* \* \* \* \*

(c) \* \* \*

(2) \* \* \*

(i) Subject to the procedure described in § 1.446-1T(e)(3)(i) of this chapter (requiring the advance written consent of the Commissioner);

\* \* \* \* \*

**PART 601—STATEMENT OF PROCEDURAL RULES**

**Par. 7.** The authority citation for part 601 continues to read as follows:

**Authority:** 26 U.S.C. 301 and 552, unless otherwise noted.

**Par. 8.** Section 601.204, paragraph (b) is amended by adding a sentence at the end of the paragraph to read as follows:

**§ 601.204 Changes in accounting periods and in methods of accounting.**

\* \* \* \* \*

(b) \* \* \* For any Form 3115 filed on or after May 15, 1997, see § 601.204T(b)(2).

**Par. 9.** Section 601.204T is added to read as follows:

**§ 601.204T Changes in accounting periods and in methods of accounting (temporary).**

(a) [Reserved] For further guidance, see § 601.204(a).

(b) *Methods of accounting.* (1) [Reserved] For further guidance, see § 601.204(b).

(2) For any Form 3115 filed on or after May 15, 1997, application for permission to change the method of accounting employed shall be made on Form 3115 and filed with the Commissioner during the taxable year in which the taxpayer desires to make the change in method of accounting. Permission to change the method of accounting will not be granted unless the taxpayer and the Commissioner agree to the terms and conditions under which the change will be effected.

(c) and (d) [Reserved] For further guidance, see § 601.204 (c) and (d).

**Margaret Milner Richardson,**  
*Commissioner of Internal Revenue.*

Approved: May 2, 1997.

**Donald C. Lubick,**  
*Assistant Secretary of the Treasury.*  
[FR Doc. 97-12514 Filed 5-14-97; 8:45 am]  
BILLING CODE 4830-01-U

**PENSION BENEFIT GUARANTY CORPORATION**

**29 CFR Part 4044**

**Allocation of Assets in Single-Employer Plans; Interest Assumptions for Valuing Benefits**

**AGENCY:** Pension Benefit Guaranty Corporation.

**ACTION:** Final rule.

**SUMMARY:** The Pension Benefit Guaranty Corporation's regulation on Allocation of Assets in Single-Employer Plans prescribes interest assumptions for valuing benefits under terminating single-employer plans. This final rule amends the regulation to adopt interest assumptions for plans with valuation dates in June 1997.

**EFFECTIVE DATE:** June 1, 1997.

**FOR FURTHER INFORMATION CONTACT:** Harold J. Ashner, Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, 202-326-4024 (202-326-4179) for TTY and TDD.

**SUPPLEMENTARY INFORMATION:** The PBGC's regulation on Allocation of Assets in Single-Employer Plans (29 CFR part 4044) prescribes actuarial assumptions for valuing plan benefits of terminating single-employer plans covered by title IV of the Employee Retirement Income Security Act of 1974.

Among the actuarial assumptions prescribed in part 4044 are interest assumptions. These interest assumptions are intended to reflect current conditions in the financial and annuity markets.

Two sets of interest assumptions are prescribed, one set for the valuation of benefits to be paid as annuities and one set for the valuation of benefits to be paid as lump sums. This amendment adds to appendix B to part 4044 the annuity and lump sum interest assumptions for valuing benefits in plans with valuation dates during June 1997.

For annuity benefits, the interest assumptions will be 6.40 percent for the first 25 years following the valuation date and 5.00 percent thereafter. The annuity interest assumptions represent an increase (from those in effect for May 1997) of 0.10 percent for the first 25 years following the valuation date and are otherwise unchanged. For benefits to be paid as lump sums, the interest assumptions to be used by the PBGC will be 5.25 percent for the period during which a benefit is in pay status, 4.50 percent during the seven-year period directly preceding the benefit's

placement in pay status, and 4.00 percent during any other years preceding the benefit's placement in pay status. The lump sum interest assumptions represent an increase (from those in effect for May 1997) of 0.25 percent for the period during which a benefit is in pay status and for the seven years directly preceding that period; they are otherwise unchanged.

The PBGC has determined that notice and public comment on this amendment are impracticable and contrary to the public interest. This finding is based on the need to determine and issue new interest assumptions promptly so that the assumptions can reflect, as accurately as possible, current market conditions.

Because of the need to provide immediate guidance for the valuation of benefits in plans with valuation dates during June 1997, the PBGC finds that good cause exists for making the assumptions set forth in this amendment effective less than 30 days after publication.

The PBGC has determined that this action is not a "significant regulatory action" under the criteria set forth in Executive Order 12866.

Because no general notice of proposed rulemaking is required for this amendment, the Regulatory Flexibility Act of 1980 does not apply. See 5 U.S.C. 601(2).

**List of Subjects in 29 CFR Part 4044**

Pension insurance, Pensions.

TABLE I.—[ANNUITY VALUATIONS]

[This table sets forth, for each indicated calendar month, the interest rates (denoted by  $i_1, i_2, \dots$ , and referred to generally as  $i_t$ ) assumed to be in effect between specified anniversaries of a valuation date that occurs within that calendar month; those anniversaries are specified in the columns adjacent to the rates. The last listed rate is assumed to be in effect after the last listed anniversary date]

For valuation dates occurring in the month—	The values of $i_t$ are:					
	$i_t$	for t=	$i_t$	for t=	$i_t$	for t=
* * *	*	*	*	*	*	*
June 1997 .....	.0640	1-25	.0500	>25	N/A	N/A

TABLE II.—[LUMP SUM VALUATIONS]

[In using this table: (1) For benefits for which the participant or beneficiary is entitled to be in pay status on the valuation date, the immediate annuity rate shall apply; (2) For benefits for which the deferral period is  $y$  years (where  $y$  is an integer and  $0 < y \leq n_1$ ), interest rate  $i_1$  shall apply from the valuation date for a period of  $y$  years, and thereafter the immediate annuity rate shall apply; (3) For benefits for which the deferral period is  $y$  years (where  $y$  is an integer and  $n_1 < y \leq n_1 + n_2$ ), interest rate  $i_2$  shall apply from the valuation date for a period of  $y - n_1$  years, interest rate  $i_1$  shall apply for the following  $n_1$  years, and thereafter the immediate annuity rate shall apply; (4) For benefits for which the deferral period is  $y$  years (where  $y$  is an integer and  $y > n_1 + n_2$ ), interest rate  $i_3$  shall apply from the valuation date for a period of  $y - n_1 - n_2$  years, interest rate  $i_2$  shall apply for the following  $n_2$  years, interest rate  $i_1$  shall apply for the following  $n_1$  years, and thereafter the immediate annuity rate shall apply]

Rate set	For plans with a valuation date		Immediate annuity rate (percent)	Deferred annuities (percent)				
	On or after	Before		$i_1$	$i_2$	$i_3$	$n_1$	$n_2$
* * *	*	*	*	*	*	*	*	*
44 .....	06-1-97	07-1-97	5.25	4.50	4.00	4.00	7	8

Issued in Washington, D.C., on this 12th day of May 1997.  
**John Seal,**  
*Acting Executive Director, Pension Benefit Guaranty Corporation.*  
 [FR Doc. 97-12774 Filed 5-14-97; 8:45 am]  
 BILLING CODE 7708-01-P

**DEPARTMENT OF DEFENSE**

**Department of the Navy**

**32 CFR Part 706**

**Certifications and Exemptions Under the International Regulations for Preventing Collisions at Sea, 1972 Amendment**

**AGENCY:** Department of the Navy, DOD.  
**ACTION:** Final rule.

**SUMMARY:** The Department of the Navy is amending its certifications and exemptions under the International Regulations for Preventing Collisions at Sea, 1972 (72 COLREGS), to reflect that

In consideration of the foregoing, 29 CFR part 4044 is amended as follows:

**PART 4044—ALLOCATION OF ASSETS IN SINGLE-EMPLOYER PLANS**

1. The authority citation for part 4044 continues to read as follows:

**Authority:** 29 U.S.C. 1301(a), 1302(b)(3), 1341, 1344, 1362.

2. In appendix B, a new entry is added to Table I, and Rate Set 44 is added to Table II, as set forth below. The introductory text of each table is republished for the convenience of the reader and remains unchanged.

**Appendix B to Part 4044—Interest Rates Used to Value Annuities and Lump Sums**

the Deputy Assistant Judge Advocate General (Admiralty) of the Navy has determined that USS CARNEY (DDG 64) is a vessel of the Navy which, due to its special construction and purpose, cannot comply fully with certain provisions of the 72 COLREGS without interfering with its special functions as a naval ship. The intended effect of this rule is to warn mariners in waters where 72 COLREGS apply.

**EFFECTIVE DATE:** May 1, 1997.

**FOR FURTHER INFORMATION CONTACT:** Captain R.R. Pixa, JAGC, U.S. Navy, Admiralty Counsel, Office of the Judge Advocate General, Navy Department, 200 Stovall Street, Alexandria, VA