

INFORMATION CONTACT section of this document.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-109367-06]

RIN 1545-BF52

Section 1221(a)(4) Capital Asset Exclusion for Accounts and Notes Receivable

AGENCY: Internal Revenue Service (IRS),
Treasury.

ACTION: Withdrawal of notice of
proposed rulemaking.

SUMMARY: This document withdraws a
notice of proposed rulemaking relating
to the circumstances in which accounts
or notes receivable are "acquired * * *
for services rendered" within the
meaning of section 1221(a)(4).

FOR FURTHER INFORMATION CONTACT: K.
Scott Brown, (202) 622-7454 (not a toll-
free call).

SUPPLEMENTARY INFORMATION:

Background

On August 7, 2006, the Treasury
Department and the IRS published in
the **Federal Register** (71 FR 44600)
proposed regulations § 1.1221-1(e)
under section 1221(a)(4) of the Internal
Revenue Code. These regulations sought
to clarify the circumstances in which
accounts or notes receivable are
"acquired * * * for services rendered"
within the meaning of section
1221(a)(4).

Written comments were received from
interested parties, and public hearings
to discuss these regulations were held
on November 7, 2006, and August 22,
2007. Most of the comments focused on
the decisions in *Burbank Liquidating
Corp. v. Commissioner*, 39 T.C. 999
(1963), *acq. sub nom. United Assocs.,
Inc.*, 1965-1 C.B. 3, *aff'd in part and
rev'd in part on other grounds*, 335 F.2d
125 (9th Cir. 1964) and *Federal National
Mortgage Association v. Commissioner*,
100 T.C. 541 (1993). The Treasury
Department and the IRS considered the
comments and have decided to
withdraw the proposed regulations.

The IRS will not challenge return
reporting positions of taxpayers under

section 1221(a)(4) that apply existing
law, including *Burbank Liquidating;
Federal National Mortgage Association;*
and *Bielfeldt v. Commissioner*, 231
F.3d 1035 (7th Cir. 2000), *cert. denied*,
534 U.S. 813 (2001). *See also* Rev. Rul.
80-56 (1980-1 C.B. 154) and Rev. Rul.
80-57 (1980-1 C.B. 157). The IRS and
the Treasury Department will continue
to study this area and may issue
guidance in the future.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and
recordkeeping requirement.

Withdrawal of Notice of Proposed Rulemaking

Accordingly, under the authority of
26 U.S.C. 7805, the notice of proposed
rulemaking (REG-109367-06) published
in the **Federal Register** on August 7,
2006 (71 FR 44600) is withdrawn.

Linda E. Stiff,

Deputy Commissioner for Services and
Enforcement.

[FR Doc. E8-8817 Filed 4-22-08; 8:45 am]

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DEPARTMENT OF THE TREASURY

Office of International Investment

31 CFR Part 800

RIN 1505-AB88

Regulations Pertaining to Mergers, Acquisitions, and Takeovers by Foreign Persons

AGENCY: Department of the Treasury.

ACTION: Proposed Rule; Notice of
Inquiry and Public Meeting.

SUMMARY: This proposed regulation
amends regulations in part 800 of 31
CFR that implement section 721 of the
Defense Production Act of 1950, as
amended. The proposed regulations
would implement amendments made by
the Foreign Investment and National
Security Act of 2007 to section 721 of
the Defense Production Act of 1950
("section 721"). While the proposed
regulations retain many features of the
existing regulations, a number of
changes have been made to increase
clarity, reflect developments in business
practices over the past several years,
and make additional improvements
based on experiences with the existing
regulations.

DATES: *Comment Date:* Written
comments must be received by June 9,
2008.

Public Meeting Date: The public
meeting will be held from 10 a.m. until
12 p.m. on May 2, 2008.

ADDRESSES: *Comments:* Written
comments on the proposed regulations
may be submitted electronically via the
federal government E-Rulemaking
Portal: www.regulations.gov. Written
comments may be submitted by mail to:
Nova Daly, Deputy Assistant Secretary,
U.S. Department of the Treasury, 1500
Pennsylvania Avenue, NW.,
Washington, DC 20220. All comments
and attachments submitted are part of
the public record and subject to
disclosure. Do not include any material
in your comments that you consider to
be confidential or inappropriate for
public disclosure.

You may view copies of this proposed
rule and any comments we receive
about this proposal at

www.regulations.gov. You may
personally inspect and photocopy
comments at the Department of the
Treasury Library, Room 1428, Main
Treasury Building, 1500 Pennsylvania
Avenue, NW., Washington, DC. You can
make an appointment to inspect
comments by calling (202) 622-0990.

A link to written comments will be
established on the following Web site:
[http://www.treas.gov/offices/
international-affairs/cfius/index.shtml](http://www.treas.gov/offices/international-affairs/cfius/index.shtml).

Public Meeting Address: The public
meeting will be held in the Cash Room
of the Treasury Building, at 1500
Pennsylvania Avenue, NW.,
Washington, DC 20220.

FOR FURTHER INFORMATION CONTACT: For
questions about this Proposed Rule or
the Notice of Inquiry and Public
Meeting, contact: Nova Daly, Deputy
Assistant Secretary, U.S. Department of
the Treasury, 1500 Pennsylvania
Avenue, NW., Washington, DC 20220;
telephone: (202) 622-2752; or e-mail:
Nova.Daly@do.treas.gov, or Welby
Leaman, Senior Advisor; telephone:
(202) 622-0099; or e-mail:
Welby.Leaman@do.treas.gov.

SUPPLEMENTARY INFORMATION:

I. Background With Regard to the Notice of Inquiry and Public Meeting

The President has directed the
Secretary of the Treasury to issue
regulations implementing section 721 of
the Defense Production Act of 1950, as
amended. On October 24, 2007, the
Department of the Treasury convened a
public meeting at the Department of the
Treasury to solicit a wide array of views
on several broad topics, including from
businesses and professionals active in
international mergers and acquisitions,
in order to inform regulatory
development. The purpose of this
second notice of inquiry and public
meeting is to continue to seek public
input on these important matters,