ment, issued simultaneously herewith, has been filed with the Division of the Federal Register.

Section 11 of Revised Maximum Price Regulation 471 is amended to read as follows:

SEC. 11. *Maximum prices for sales of thresher-run or rough cleaned seed on a quality cleaned basis*—(a) *How price is determined.* If you are a producer, you may sell your thresher-run or rough cleaned seeds to a country dealer or a commercial processor at the maximum prices established by section 12 (a) (1) of this regulation for the kind and quality of seed sold as determined after such seed has been quality cleaned, tested and labeled: *Provided,* That the following deductions for certain cleaning services performed must be made from such maximum prices.

(i) For quality cleaning over screen and air separation mills only.

Kind of seed	Per 100 pounds of seed	
	On quality cleaned basis	On in-weight basis
Alfalfa, red clover, and alsike clover	$1.00	$0.75
Sweetclover	.70	.50
Timothy	.50	.40

(ii) For additional quality cleaning over specialized seed cleaning machinery such as dodder, buckhorn, or gravity mills.

Kind of seed	Per 100 pounds of seed	
	On quality cleaned basis	On in-weight basis
Alfalfa, red clover, and alsike clover	$1.00	$0.75
Sweetclover	.65	.50
Timothy	.50	.40

(b) *Commingling.* If the thresher-run or rough cleaned seeds sold by you are commingled with other thresher-run or rough cleaned seeds in the process of quality cleaning, the kind and quality of the seeds sold by you shall be determined on the basis of the kind and quality of the commingled seeds after they have been quality cleaned. The amount of seed for which you may receive payment shall be determined by applying the same percentage to the commingled lot after it has been quality cleaned that your lot, dockage free, bore to the commingled lot, dockage free, before it was quality cleaned.

(c) *Advance payment.* Notwithstanding any other provision in this regulation, a country dealer or commercial processor who purchases thresher-run or rough cleaned seeds on a quality cleaned basis from a producer shall not pay such producer, prior to the time such seeds have been quality cleaned as defined in section 8 (a) (7) of this regulation, an amount in excess of 75 percent of the maximum price applicable to the seeds at the time of delivery determined on a dockage basis under the appropriate provisions of section 8 (a) (12) and section 10.

This amendment shall become effective December 13, 1945.

Issued this 13th day of December 1945.

CHESTER BOWLES,
Administrator.

Approved: December 10, 1945.

CLINTON P. ANDERSON,
Secretary of Agriculture.

[F. R. Doc. 45-22277; Filed, Dec. 13, 1945; 11:26 a. m.]

PART 1499—COMMODITIES AND SERVICES

[SR 14E[1] Amdt. 19]

SALES AT WHOLESALE OF CERTAIN COTTON PRODUCTS

A statement of the considerations involved in the issuance of this amendment issued simultaneously herewith has been filed with the Division of the Federal Register.

Section 2.7 of Supplementary Regulation 14E is amended in the following respects:

1. The heading to section 2.7 is amended to read as follows: "*Sales at wholesale of certain cotton products and certain manufactured articles.*"

2. The words "an article" are substituted for the words "the [or "a"] cotton product" (singular or plural) where the latter appear in paragraphs (b), (c) and (d).

3. Paragraph (b) (6) is amended by adding the following undesignated paragraph:

This paragraph (6) shall also not apply to sales covered by section 2.7 (r).

4. Paragraph (r) is added to section 2.7 to read as follows:

(r) *Ceiling prices at wholesale for certain articles of knitted underwear and knitted wear*—(1) *Articles priced under this paragraph.* Under this paragraph maximum prices are established for sales at wholesale of all types of lightweight and heavyweight knitted underwear, including knitted sleeping garments and knitted athletic, sweat and "Tee" shirts. The types include any knitted underwear, regardless of yarn content, worn by men, women, children and infants. "Knitted" underwear means underwear of which the body fabric is made of 50% or more knited fabric by weight.

(2) *Maximum prices.* The maximum prices for sales at wholesale of the knitted underwear described in the preceding subparagraph are the lower of:

(i) The sum of the net cost of the article being priced and 21.7% of that net cost for out-of-stock shipments; but in the case of "drop shipments," the sum of the net cost of the article being priced and 12.7% of that net cost; or

(ii) The sum of the net cost of the article being priced and an amount derived by applying the seller's "1942 markup" to that net cost.

(3) *Meaning of terms.* (i) The term "net cost" is defined in paragraph (a) (5).

(ii) The term "1942 markup" means the markup you had in March 1942 for the article you are pricing. To figure this markup:

(*a*) Find the last invoice you received prior to March 31, 1942, for an article covered by this paragraph which you delivered in March 1942 in the type of sale (out-of-stock or drop shipment) involved in the sale of the article you are pricing;

(*b*) Determine your net cost of that article you delivered in March 1942;

(*c*) Find the difference between this net cost and the highest price at which you delivered that article in March 1942 for the type of sale involved in the sale of the article you are pricing;

(*d*) Divide this difference by the net cost determined in (*b*). The result is your "1942 markup."

This amendment shall become effective December 20, 1945.

Issued this 13th day of December 1945.

CHESTER BOWLES,
Administrator.

[F. R. Doc. 45-22274; Filed, Dec. 13, 1945; 11:26 a. m.]

PART 1499—COMMODITIES AND SERVICES

[SR 14E[1], Amdt. 20]

MODIFICATIONS OF MAXIMUM PRICES, ESTABLISHED BY GENERAL MAXIMUM PRICE REGULATION FOR CERTAIN TEXTILES, LEATHER AND APPAREL

A statement of the considerations involved in the issuance of this amendment, issued simultaneously herewith, has been filed with the Division of the Federal Register.

Section 1.2 (h) of Supplementary Regulation 14E is amended in the following respect:

Category Number 4 is amended to read as follows:

4. All leathers other than those listed in categories 2 and 3; unsupported flexible thermo plastic material; and patent cloth (hand japanned fabric processed exactly as patent leather is processed).

This amendment shall become effective December 18, 1945.

Issued this 13th day of December 1945.

CHESTER BOWLES,
Administrator.

[F. R. Doc. 45-22275; Filed, Dec. 13, 1945; 11:26 a. m.]

Chapter XIV—War Contracts Price Adjustment Board

RENEGOTIATION REGULATIONS

The changes and additions to Parts 1602, 1603, 1604, 1607, and 1608 set forth below are also contained in Revision 22 of the Renegotiation Regulations dated November 23, 1945.

MAURICE HIRSCH,
Colonel, General Staff Corps,
Chairman.

[1] 10 F.R. 1183, 2014, 4156, 7117, 7497, 7667, 9337, 9540, 9963, 10021, 11401, 12601.

[1] 10 F.R. 1183, 2014, 4156, 7117, 7497, 7667, 9337, 9540, 9963, 10021, 11401, 12601, 12812, 13271, 13692, 13826.

PART 1602—PROCEDURE FOR RENEGOTIATION

SUBPART A—ASSIGNMENTS FOR RENEGOTIATION AND CANCELLATIONS

1. A paragraph is added at the end of § 1602.206-3, as follows:

§ 1602.206-3 *When not subject to act; evidence required.* * * *

Cancellation of an assignment of a fiscal year ending in 1945 or 1946 on the ground that the receipts or accruals of the contractor do not exceed the statutory minimum may be requested prior to the close of such fiscal year in accordance with either of the procedures authorized by items (1) and (2) of this section, if the renegotiating agency is satisfied at the time of request that the contractor's receipts or accruals do not exceed the statutory minimum and if the contractor is not expected to receive or accrue any further amounts under contracts with the Departments and subcontracts. [RR 206.3]

2. Section 1602.206-4 is amended to read as follows:

§ 1602.206-4 *When no excessive profits; evidence required.* When the cancellation of assignment is sought on the ground that no excessive profits have been realized on renegotiable business, the minimum information required for consideration by the War Contracts Board will ordinarily be that called for by the "Standard Form of Contractor's Report" (see § 1607.701-1 of this chapter) including Section B thereof. When necessary, information will be required as to the proper allocation of costs and expenses applicable to renegotiable and other sales. With respect to fiscal years ending in 1945 and 1946, requests for cancellation of assignments under this section may be made prior to the end of such fiscal years in any case where a determination of no excessive profits could be made by agreement under the provisions of § 1603.313-1 of this chapter. [RR 206.4]

3. Section 1602.206-7 is added, as follows:

§ 1602.206-7 *Cancellations prior to end of fiscal year.* If an assignment is cancelled prior to the close of the contractor's fiscal year, the renegotiating agency requesting the cancellation shall be charged with the responsibility of determining after the close of such fiscal year whether the assignment should be reinstated. Such responsibility will include the sending of a letter of preliminary inquiry to the contractor, the examining of the Standard Form of Contractor's Report and related documents, or such other action necessary to protect the interests of the Government. [RR 206.7]

SUBPART B—PRELIMINARY INFORMATION REQUIRED OF CONTRACTORS

1. Sections 1602.222-2 and 1602.222-3 are amended to read as follows:

§ 1602.222-2 *Time for filing.* The mandatory financial statements hereby prescribed shall be filed on or before the first day of the fourth month following the close of the fiscal year of the contractor (or if such fiscal year had been closed on February 25, 1944, on or before the first day of June, 1944), whether or not any demand has been made by the War Contracts Board or by any person on its behalf. (See also § 1603.313-3 of this chapter. [RR 222.2]

§ 1602.222-3 *Place for filing.* Except as stated herein, the mandatory financial statements hereby prescribed shall be filed with the War Contracts Price Adjustment Board, Assignments and Statistics Branch, Room 3B 525, The Pentagon, Washington 25, D. C. Where the contractor has received a "Letter of Preliminary Inquiry" (see § 1602.223) and a "Standard Form of Contractor's Report" from a renegotiating Agency, the mandatory financial statements hereby prescribed shall be filed with that Agency. The mandatory financial statements hereby prescribed shall in all cases be filed in duplicate with the exception of the Standard Form of Contractor's Report (For Agents, Brokers, and Sales Engineers) (as set forth in § 1607.701-5 of this chapter) which shall be filed in triplicate. The renegotiating agency will forward one copy to the War Contracts Board within sixty days after receipt of the Report by the renegotiating agency. [RR 222.3]

PART 1603—DETERMINATION OF RENEGOTIABLE BUSINESS AND COSTS

SUBPART A—FISCAL YEAR BASIS FOR RENEGOTIATION AND EXCEPTIONS

Sections 1603.313 to 1603.313-3 are added, as follows:

§ 1603.313 *Renegotiation with respect to fiscal years ending in 1945 and 1946.* [RR 313]

§ 1603.313-1 *Renegotiation before close of fiscal year.* The Department to which a contractor has been assigned for renegotiation with respect to a fiscal year ending in 1945 or 1946 may commence and complete renegotiation proceedings prior to the end of such fiscal year, provided

(a) That there is available to the renegotiating agency adequate and reliable information upon which there can be based a determination of "profits derived from contracts with the Departments and subcontracts", as that term is defined in subsection (a) (4) (B) of the Renegotiation Act; and

(b) That at the time of renegotiation the contractor is not expected to have any receipts or accruals under contracts and subcontracts in addition to those with respect to which the determination of excessive profits or of no excessive profits is made; and

(c) That the aggregate receipts or accruals of the contractor and his affiliates from contracts with the Departments and subcontracts described in subsection (a) (5) (A) of the act exceed $500,000 (or $25,000 in the case of subcontracts described in subsection (a) (5) (B) of the act) at the time of renegotiation; and

(d) That the determination of excessive profits or the determination of no excessive profits is embodied in an agreement; and

(e) That either of the following procedures is observed:

(1) The determination of excessive profits or of no excessive profits is made only for a part of the contractor's fiscal year and there is inserted in the agreement embodying such determination the special contract article set forth in paragraph (i) (1) of § 1607.741-2 of this chapter; or

(2) The determination of excessive profits or of no excessive profits is made with respect to the contractor's entire fiscal year, and there is inserted in the agreement embodying such determination the special contract article set forth in paragraph (i) (2) of § 1607.741-2 of this chapter. [RR 313.1]

§ 1603.313-2 *Renegotiation with respect to fiscal years ending after July 31, 1945.* Subsection (h) of the Renegotiation Act provides that such act shall apply only with respect to profits from contracts with the Departments and subcontracts which, under regulations prescribed by the Board, are determined to be allocable to performance prior to the close of the termination date as defined in such subsection (see § 1603.370 and following). To ensure the proper application of that subsection in the event that the termination date should be fixed at a date prior to December 31, 1945, no determination of excessive profits or of no excessive profits shall be made with respect to fiscal years ending after July 31, 1945 unless such determination is embodied in an agreement in which there is inserted the special contract article set forth in paragraph (i) (3) of § 1607.741-2 of this chapter (whether or not such fiscal year has ended at the time of renegotiation). The provisions of this subparagraph shall not apply with respect to a determination of excessive profits or no excessive profits (a) which is made after the date on which the termination date of the Renegotiation Act, as defined in subsection (h) thereof, becomes fixed or (b) which is made for a part of contractor's fiscal year under § 1603.313-1 (e) (9) which part ended on or before July 31, 1945. [RR 313.2]

§ 1603.313-3 *Standard form of contractor's report.* If renegotiation is conducted pursuant to the provisions of this section, the renegotiating agency shall be responsible for examining the Standard Form of Contractor's Report and related documents and determining whether further action should be recommended to the War Contracts Price Adjustment Board. In this connection it should be noted that the contractor's statutory obligation to file the statements referred to in § 1602.222 of this chapter (covering the contractor's entire fiscal year) is not affected by the execution of a renegotiation agreement pursuant to this section. [RR 313.3]

SUBPART D—MANDATORY EXEMPTIONS AND EXCLUSIONS FROM RENEGOTIATION

In § 1603.348-2 paragraph (e) is added as follows:

§ 1603.348-2 *Computation of aggregate receipts and accruals.* * * *

(e) Amounts which, in accordance with the method of accounting employed by the contractor for purposes of renegotiation, have not been received or accrued prior to the close of the termination date but which are allocable to performance prior to the close of such date, shall be deemed to have been received or accrued on the termination date and are includible in the computation of the gross receipts or accruals referred to above for the year in which the termination date occurs. This rule will apply even though such amounts have not been received or accrued, according to the contractor's method of accounting, prior to the close of the fiscal year in which the termination date occurs. Conversely, amounts which, in accordance with the method of accounting employed by the contractor for purposes of renegotiation, have been received or accrued after the close of the termination date but which are not allocable to performance prior to the close of such date, are not includible in the computation of the gross receipts or accruals referred to above. This rule will apply even though such amounts have been received or accrued, according to the contractor's method of accounting, during the fiscal year in which the termination date occurs. [RR 348.2]

SUBPART G—TERMINATION OF RENEGOTIATION

1. Section 1603.370 is amended to read as follows:

§ 1603.370 *Scope of subpart.* This subpart establishes in accordance with the provisions of subsection (h) of the Renegotiation Act, as amended by Public Law 104, 79th Congress, approved June 30, 1945, the regulations to be prescribed by the War Contracts Board for the determination of profits reasonably allocable to performance prior to the close of the termination date set forth in subsection (h). [RR 370]

2. Section 1603.372 is amended to read as follows:

§ 1603.372 *General principles intended to be established by the regulations.* The regulations hereinafter prescribed are intended to effect two purposes; first, to define the receipts or accruals which by reason of their derivation from performance prior to the close of the termination date are subject to renegotiation, regardless of when received or accrued on the basis of the accounting method employed by the contractor in keeping his books or reporting income for tax purposes, and second, to ascertain the costs whenever paid or incurred which represent proper charges against such receipts or accruals, so that the profits reasonably allocable to such performance may be determined. Except in unusual cases these objectives will be attained by treating as allocable to performance prior to the termination date only those items of income received or accrued and those items of cost paid or incurred prior to the close of the termination date in accordance with the method of accounting consistently employed by the contractor for purposes of renegotiation. The qualifications hereinafter noted in this Subpart G will be recognized only when the renegotiating agency is satisfied that a departure from such accounting method is necessary in order properly to reflect profits allocable to performance prior to the close of the termination date. The regulations will be interpreted and applied in the light of these objectives. [RR 372]

3. Sections 1603.373, 1603.374 and 1603.375 are added as follows:

§ 1603.373 *Amounts received or accrued.* (a) If the contractor has consistently employed for purposes of renegotiation a method of accounting other than a cash receipts and disbursements method, then, except as hereinafter provided, only those amounts of income accrued prior to the close of the termination date on the basis of such accounting method will be considered as allocable to performance prior to the close of the termination date.

(b) If the contractor has consistently employed a completed contract or similar method of accounting for purposes of renegotiation (the accrual of income being deferred until completion), there will be considered as allocable to performance prior to the close of the termination date the income accrued prior to the close of the termination date on the basis of such accounting method and also that amount of the income derived from any contract or job not completed at the close of the termination date which is proportionate to the completion of such contract or job at the close of the termination date. Similarly, if the contractor accounts on the basis of percentage of completion of a contract or job and his fiscal year commences prior to and ends after the close of the termination date, there will be allocated to performance prior to the close of the termination date an amount of the income under such contract or job for such fiscal year which is proportionate to the performance under such contract or job accomplished in such fiscal year prior to the close of the termination date. The provisions of this paragraph (b) are subject to the provision of paragraph (d) of this section.

(c) If the contractor has consistently employed for purposes of renegotiation a cash receipts and disbursements method of accounting then, except as hereinafter provided, only those amounts received prior to the close of the termination date will be considered as allocable to performance prior to the close of the termination date.

(d) In an unusual case where it is clear that the objectives set forth in § 1603.372 will not be attained by adherence to the general rules hereinbefore prescribed in this section, amounts of income reasonably allocable to performance prior to the close of the termination date will be allocated thereto. For example, if a contractor employs a cash receipts and disbursements method of accounting and if his receipts prior to the close of the termination date are substantially out of proportion to his performance prior to such date, it may be necessary to allocate all or a portion of his subsequent receipts to such performance in order properly to reflect his profits derived from performance prior to the close of the termination date. In the application of the foregoing principle, costs paid or incurred which are allocable to performance prior to the close of the termination date may be indicative of the proper allocation of income to performance prior to the close of the termination date. [RR 373]

§ 1603.374 *Costs paid or incurred.* (a) In the allocation of costs pursuant to subsection (h) of the act, generally the method of accounting regularly employed by the contractor for renegotiation purposes will be followed in determining the time at which costs are paid or incurred. As a general rule, costs paid or incurred prior to the close of the termination date will be considered as allocable to performance prior to the close of the termination date and costs paid or incurred after the close of the termination date will be considered as not allocable to performance prior to the close of the termination date.

(b) However, in an unusual case where it is clear that the purposes set forth in § 1603.372 will not be achieved by adherence to the general rule prescribed in paragraph (a) of this section, costs (actual or estimated as of the time of renegotiation) which have not been paid or incurred prior to the close of the termination date may nevertheless be allocated to performance prior to the close of the termination date in accordance with the following:

(1) If the cost in question is directly related to that part of the performance of a particular contract or subcontract, the income from which is or was subject to renegotiation, the renegotiating agency will allocate all or a portion of such cost to performance prior to the close of the termination date. As a general rule, such allocation will be made by correlating the income from such contract or subcontract and the costs with respect thereto.

(2) If the cost is not directly related to performance of a particular contract or subcontract, but such cost or any portion thereof would have been allowed in renegotiation if paid or incurred prior to the close of the termination date, the renegotiating agency will allocate all or a portion of such cost to performance prior to the close of the termination date to the extent reasonably allocable to such performance. For example, if the contractor after the close of the termination date sustains a loss of the type described in § 1603.385-4, such loss, to the extent allocable to renegotiable business under § 1603.385-4, will be allocated to performance prior to the close of the termination date. The same rule will be followed with respect to costs paid or incurred in connection with the discontinuance of renegotiable business the termination of war production as described in § 1603.384-2.

(c) Items of cost which are determined to be allocable to performance prior to the close of the termination date in accordance with the foregoing rules and which have been paid or incurred prior to renegotiation will be allowed by the renegotiating agency. If, however, an item determined to be allocable in whole or in part to performance prior to the close of the termination date, has not been paid or incurred prior to renegotiation but it is reasonably anticipated that it will probably be paid or incurred, the following rules will be observed:

(1) If the determination of excessive profits is made by agreement, the renegotiating agency will allow conditionally such amount of the estimated cost as is determined to be allocable to performance prior to the close of the termination date and will include an appropriate clause in the renegotiation agreement providing for the repayment of additional excessive profits. Before making such a conditional allowance the following procedure will be complied with:

(i) The renegotiating agency will transmit to the Chairman of the Price Adjustment Board of the Department concerned a statement setting forth the approximate amount of excessive profits to be finally eliminated, the amount of the item or items in question, the pertinent facts relating to the allocability of such items to performance prior to the close of the termination date and the reasons why such allocation is necessary properly to reflect the profits allocable to such performance.

(ii) The renegotiating agency will advise the Chairman of the Price Adjustment Board of the Department concerned whether the contractor's financial condition is such that the conditional allowance may be made without jeopardy to the payment of any amounts which may become due in case the contingency does not occur.

(iii) The Chairman of the Price Adjustment Board of the Department concerned, in his discretion, may authorize the conditional allowance and the use of a special clause which may contain such provisions as the Chairman deems necessary.

(2) If the determination of excessive profits is made by unilateral order, or, if made by agreement and the use of a conditional clause is precluded by the requirements of the foregoing subparagraph, the estimated cost will not be allowed as a cost in renegotiation. However, the risk that the contractor will, after renegotiation, pay or incur such cost will in accordance with § 1604.413-2 (a) of this chapter be taken into consideration with the other risks assumed by the contractor.

(d) Notwithstanding the foregoing provisions of this section, no cost which has not been paid or incurred prior to January 1, 1947 will be allocated to performance prior to the close of the termination date. The determination as to whether a cost is paid or incurred prior to such date shall be made by reference to the method of accounting employed by the contractor for purposes of renegotiation. The time limitation specified in the first sentence of this subparagraph shall not apply to costs which are accounted for on a completed contract basis or similar method of accounting. However, the risk that the contractor will, after December 31, 1945, pay or incur a cost clearly allocable to performance prior to the close of the termination date, will in accordance with § 1604.413-2 (a) of this chapter be taken into consideration with the other risks assumed by the contractor. [RR 374]

§ 1603.375 *Fiscal year in which are placed items determined to be allocable to performance prior to close of termination date.* As a general rule, amounts of income which, on the basis of the accounting method employed by the contractor in keeping his books are received or accrued after the close of the termination date, but which, pursuant to this chapter, are allocable to performance prior to the close of the termination date will be deemed to have been received or accrued on the termination date. Likewise, costs which, on the basis of the accounting method employed by the contractor in keeping his books, are paid or incurred after the close of the termination date, but which, pursuant to this chapter, are allocable to performance prior to the close of the termination date, will ordinarily be deemed to have been paid or incurred on the termination date. The provisions of this section are not intended to supersede or modify § 1603.381-6, nor to eliminate the necessity of an allocation of the excessive profits to the taxable year or among the taxable years in which received or accrued for tax purposes where such allocation is necessary in order to establish the proper tax credit under section 3806 of the Internal Revenue Code or to establish the effect of the elimination of the excessive profits determined upon taxable income for such taxable year or years. [RR 375]

SUBPART H—COSTS ALLOCABLE AND ALLOWABLE AGAINST RENEGOTIABLE BUSINESS

1. In § 1603.383-3 paragraph (c) is amended to read as follows:

§ 1603.383-3 *Renegotiation rebate.* * * *

(c) *Procedure for obtaining renegotiation rebate.* (1) After a recomputation of the amortization deduction for any fiscal year pursuant to section 124 (d) of the Internal Revenue Code has been made in connection with the determination of the contractor's taxes for such fiscal year, a contractor may apply for a net renegotiation rebate with respect to excessive profits determined and eliminated for such fiscal year by filing a claim in the form set forth at §§ 1607.736-1 and 1607.736-2 of this chapter, together with the information and documents referred to in such form. Such form, together with such information and documents, must be filed with the War Contracts Board at the address specified in § 1607.791-5 of this chapter. A separate application must be filed with respect to each fiscal year for which the contractor claims a net renegotiation rebate.

(2) The contractor may be required to furnish such additional documents and information as the War Contracts Board (or any duly authorized representative of the War Contracts Board) may require in order to determine the amount of the net renegotiation rebate, if any, to which the contractor may be entitled.

(3) The War Contracts Board will certify to the Secretary of the Treasury, pursuant to the provisions of the First Deficiency Appropriation Act, 1945, the net renegotiation rebate to which the contractor is entitled.

2. In § 1603.384-2 paragraphs (c) and (d) (3) are amended to read as follows:

§ 1603.384-2 *Costs in connection with the discontinuance of renegotiable business.* * * *

(c) *Losses from sale, exchange or abandonment of facilities used in performing renegotiable contracts and subcontracts.* Losses from sale, exchange or abandonment of facilities used in performing renegotiable contracts and subcontracts are allocable to renegotiable business in accordance with the provisions of §§ 1603.385-4 and 1603.385-5. Notwithstanding the method of computing such losses for Federal tax purposes, (1) the costs of moving, dismantling, demolishing, protecting and storing such assets will be taken into account in determining whether losses have been sustained and in computing the amount of such losses for the purposes of renegotiation; and (2) depreciation or amortization incurred with respect to such assets during a period between the end of their use in the performance of renegotiable business and their sale or other disposal will be disregarded in computing such losses.

* * * * *

(d) *Other costs and expenses.* * * *

(3) *Depreciation and amortization.* Inasmuch as paragraph (c) of this section excludes, in computing losses, depreciation on assets used in renegotiable business sustained during the period between the end of their use in performing such business and their sale or other disposal, depreciation during this period will not be allowed as a cost of performing renegotiable business. If such assets are retained for future use in non-renegotiable business depreciation thereon will be allowed as a cost of renegotiable business to the extent otherwise properly allocable to the end of the month immediately succeeding that in which the end of their use in the performance of renegotiable business took place provided that they are not sooner devoted to civilian production. The same rule will apply to amortization of emergency facilities.

3. Section 1603.386-3 is added as follows:

§ 1603.386-3 *Interest on tax deficiencies.* Interest on deficiencies in taxes measured by income (including Federal income and excess profits taxes) is not deemed allocable in any part to renegotiable business. Accordingly, such interest is not allowable as a cost of renegotiable business, notwithstanding that such interest is a deduction in the computation of taxable income under the Internal Revenue Code. [RR 386.3]

4. Section 1603.387-1 is amended to read as follows:

§ 1603.387-1 *Allocation—(a) Distinction between institutional advertising and product advertising.* Advertising may generally be characterized as either institutional advertising or product advertising. For the purposes of this chapter, advertising will be deemed to be institutional advertising (i. e., advertising designed to keep the advertiser's name and the identity of his peacetime products before the public) unless such advertising represents a specific offer of particular products for current sale.

(b) *Allocation of the costs of advertising.* The cost of product advertising is not ordinarily allocable in any amount to prime contracts. A reasonable amount of the cost of product advertising which can be demonstrated to have produced renegotiable subcontracts may be allocable to the renegotiable subcontracts resulting from such product advertising. The cost of institutional advertising should ordinarily be allocated between renegotiable and non-renegotiable business on a pro-rata basis in such manner as may be appropriate in the particular case for allocating expenses which cannot be earmarked as attributable to particular sales. However, no part of the cost of institutional advertising which is clearly designed to create or add to, rather than maintain, good will should be allocated to renegotiable business, by inclusion in the amount to be pro-rated or otherwise, unless the aggregate expenditure for the year in question for both product advertising and institutional advertising is not in excess of the average annual advertising cost during the base period. This limitation is subject to modification or adjustment in cases where comparison between the advertising expenditure for the year in question and the average annual advertising expenditure for the base period is believed unfair, as for example, where the average annual advertising expenditure during the base period is deemed inadequate by the renegotiating agency to keep the advertiser's name or the identity of its peacetime products (or products of the same type and character) before the public or to maintain good will built up over past years so that when the contractor returns to peacetime production its name and the quality of its products will be known to the public. [RR 387.1]

Part 1604—Determination and Elimination of Excessive Profits

Subpart A—Principles and Factors in Determining Excessive Profits

Paragraph (a) of § 1604.413–2 is amended to read as follows:

§ 1604.413–2 *Comment.* (a) Consideration is to be given to the extent of risk assumed by the contractor; for example, possible increase in the cost of materials and wages; delays from inability to obtain materials; "cutbacks" in quantities; guarantees of quality and performance of the product; and such other risks as may be clearly determined. If excessive profits are determined by unilateral order (or by agreement where the provisions of paragraphs (c) (2) and (d) of § 1603.374 of this chapter apply) and if at the time of renegotiation the contrator has a risk that he will incur a cost which, if incurred prior to renegotiation, would have been allowed, such risk will be taken into consideration with the other risks assumed by the contractor.

Part 1607—Forms for Renegotiation

Subpart A—Forms Relating to Identification, Assignment and Cancellation of Cases

1. Section 1607.701–8 is amended to read as follows:

§ 1607.701–8 *Contractor's tentative report.*

Budget Bureau No. 49–R236.1
Approval expires 12–31–46.

Refer to LPI____________

CONTRACTOR'S TENTATIVE REPORT
(To be filed in duplicate)

Dated:____________________

From: ________________________
____
____

To: The War Contracts Price Adjustment Board.

1. We estimate that the financial results of our operations for our latest completed fiscal year (ended____________194__) were as follows:

Estimated aggregate receipts or accruals ____________________	$________
Estimated total costs paid or incurred____________________	________
Estimated profit, before Federal taxes on income and before any reserves____________________	________

2. We agree to file on or before____________ with ____________ as the representative of the War Contracts Price Adjustment Board, the Standard Form of Contractor's Report in duplicate and all information and data called for by such Standard Form of Contractor's Report. We acknowledge receipt of copies of such Standard Form of Contractor's Report for our use in this connection.

3. In accordance with the provisions of clause (B) of the second sentence of subsection (c) (3) of the Renegotiation Act, it is hereby agreed that the time within which a determination of the amount, if any, of excessive profits for our latest completed fiscal year may be made by order or agreement is hereby extended to and including the expiration of two years after the filing, in accordance with the provisions of paragraph (2) hereof, of the Standard Form of Contractor's Report in duplicate and all information and data called for thereby.

____
(Exact name of contractor—not abbreviated)

____
(State of incorporation)

____
(Mailing address)

By ______________________________
(Authorized corporate officer, partner, or proprietor)

____
(Title)

[RR 701.8]

2. Section 1607.702–1 is amended to read as follows:

§ 1607.702–1 *Letter of preliminary inquiry (For use by Assignments and Statistics Branch).*

In reply refer to: LPI No.____________

WAR CONTRACTS PRICE ADJUSTMENT BOARD

3B 525 The Pentagon

Washington 25, D. C.

Gentlemen: Subsection (c) (5) (A) of the Renegotiation Act requires contractors and subcontractors who are subject to that Act to file financial statements in accordance with the regulations prescribed by the War Contracts Price Adjustment Board.

Copies of the Act and pertinent regulations are enclosed herewith, as well as the required form of statement which is known as the "Standard Form of Contractor's Report". If you are subject to renegotiation under the Act, the "Standard Form of Contractor's Report" should be filed in duplicate.

Concerns whose gross receipts and accruals (including those of all affiliates) were less than the statutory minimum, as defined in subsection (c) (6) of the Act, are not subject to it and are not required to file the "Standard Form of Contractor's Report". However, it will be helpful for the completion of the records of the Board to receive from such concerns the enclosed form entitled "Statement by Contractor, Non-Applicability of the Renegotiation Act."

Neither this communication nor your reply thereto will constitute the commencement of renegotiation proceedings. Formal renegotiation proceedings are not required of all concerns which file the "Standard Form of Contractor's Report". Upon the receipt of such a Report, a determination is made as to whether or not such proceedings appear to be appropriate. The filing of the Report has the effect of satisfying the requirements of subsection (c) (5) (A) as to mandatory filing and of starting the running of the period within which renegotiation may be commenced as provided in subsection (c) (3).

Your attention is called to the fact that, under the law, we are without authority to extend the time prescribed for filing, which is approximately ninety days after the close of the contractor's fiscal year.

MYRON F. RATCLIFFE,
Lt. Col., A. U. S.,
Chief, Assignments and Statistics Branch.

Enclosures:
- Standard Form of Contractor's Report with Instructions attached.
- Pamphlet entitled "Renegotiation".
- Excerpts from Renegotiation Regulations pertaining to filing of Mandatory Financial Statements.
- Statement by Contractor, Non-Applicability of the Renegotiation Act.
- Addresses of Price Adjustment Field Offices.

[RR 702.1]

3. Section 1607.704–3 is amended to read as follows:

§ 1607.704–3 *Form No. 13 (Request for Cancellation).*

To be submitted in triplicate

(NAME OF DEPARTMENT OR SERVICE)

____
Date

To:
Assignments and Statistics Branch
War Contracts Price Adjustment Board
Room 3D 573, The Pentagon
Washington 25, D. C.

Subject:
Cancellation of assignment No.____________
Contractor ________________________
Address ________________________
Fiscal year ended____________________
or period from __________ to __________
Action taken on assignment of prior year ____________________

It is recommended and requested that the above assignment for renegotiation be cancelled for the reason(s) hereinafter set forth.

☐ Excessive profits within the sense of the Renegotiation Act and the principles applicable thereto have not been realized by the contractor during the said period. Data in support of this recommendation are attached hereto pursuant to provisions of § 1602.206–4.

☐ Aggregate receipts or accruals of the contractor and of all persons under the control of or controlling or under common control with the contractor, under contracts with the Departments (as defined in the Renegotiation Regulations) and subcontracts thereunder, did not exceed the statutory minimum.

☐ Statement by Contractor of Non-Applicability is attached.

☐ Supporting Financial Data furnished by Contractor is attached.

The foregoing information has been obtained from the subject contractor. It has been considered and it is believed by this office to be substantially representative of the operations of the contractor for the fiscal period referred to.

☐ Aggregate receipts or accruals of the contractor and of all persons under the control of or controlling or under common control with the contractor, under contracts with the Departments (as defined in the Renegotiation Regulations) and subcontracts thereunder, did not exceed the statutory minimum. This statement is submitted by this office on its own responsibility.

☐ Contractor has not filed a mandatory financial statement in conformity with subsection (c) (5) (A) of the 1943 Act. The requirements of subsection (c) (5) (A) were called to the attention of the contractor preceding the application for cancellation. This office has no reason to believe that the contractor had renegotiable receipts or accruals in excess of the statutory minimum.

☐ (Other reasons).

The foregoing information has been considered and is believed by this office to be substantially correct.

(Name of department or service)

1st Ind.

To: (Department or Service)

☐ Cancellation of the assignment of the subject contractor is hereby approved.

☐ It is deemed inappropriate to cancel the subject assignment for the following reasons:

For the War Contracts Price Adjustment Board:

For MYRON F. RATCLIFFE,
Lt. Col., A. U. S.,
Chief, Assignments and Statistics Branch.

WCPAB No. 13
2/16/45

[RR 704.3]

SUBPART B—FORMS RELATING TO OPERATION OF RENEGOTIATION

1. Section 1607.723 is amended to read as follows:

§ 1607.723 *Contractor's request for renegotiation on completed contract basis.*

To -------------------------------
(Insert name of price adjustment board or section)

1. -------------------------------
(Insert correct legal name of contractor and indicate whether an individual, partnership, joint venture or corporation.)

(hereinafter referred to as "the contractor") represents as follows:

(a) that the contractor has a fiscal year ended ---------- (hereinafter referred to as "said fiscal year");

(b) that all of the contractor's construction contracts with a Department as that term is construed under the Renegotiation Act of 1943 and all of the contractor's construction subcontracts under a contract with such a Department which have been completed or terminated within said fiscal year are as follows:

Description and date	*Amount*
----------------------------	----------
----------------------------	----------
----------------------------	----------

2. Pursuant to subsection (c) (1) of the Renegotiation Act, the contractor hereby requests that all of the construction contracts and subcontracts described in paragraph 1 (b) above be renegotiated as a group and that the powers of the War Contracts Price Adjustment Board be exercised with respect to such group.

3. If the foregoing request is approved, the contractor hereby agrees to the following terms and conditions:

(a) The Renegotiation Act, and all regulations and interpretations made thereunder, other than those dealing with the allowance of tax credits, will be applied in all respects to the construction contracts and subcontracts described in paragraph 1 (b) above and in determining profits derived therefrom, as though the contractor had kept (its) (his) books and had filed (its) (his) Federal income tax returns with respect to such contracts and subcontracts on a completed contract basis, including the application of the $500,000 exemption set forth in subsection (c) (6) of the Renegotiation Act and the application of the $500,000 "floor" as interpreted in § 1603.348-3.

(b) With respect to any subsequent fiscal year, all of the contractor's construction contracts with a Department as that term is construed under the Renegotiation Act of 1943, and all construction subcontracts under a contract with such a Department, may at the option of the renegotiation agency be renegotiated as a group and the powers of the War Contracts Price Adjustment Board may at such option be exercised with respect to such group, and in any such renegotiation, the principles set forth in subparagraph 3 (a) above will be applied.

4. The undersigned agrees that this request, after having been delivered to the renegotiating agency, cannot be withdrawn without the written consent of the renegotiating agency.

In witness whereof, the undersigned has executed this request as of the ---- day of ------------ 194--.

By -----------------------
(Title of Officer)

Attest:

(Secretary)
(To be used if executed by a corporation)

Approved:

(Insert name and official title of person executing the approval in behalf of the government)

NOTE: If the contractor is a corporation, the request will be accompanied by a certified copy of the resolution of the Board of Directors authorizing the request and the agreements therein contained. If a partnership or joint venture the request will be executed by all members of the partnership or joint venture.

[RR 723]

2. In § 1607.724-1 a note is added at the end to read as follows:

§ 1607.724-1 *Instructions for preparation of construction contractors, architects and engineers information and work sheet for renegotiation.*

* * * * *

Note on renegotiation powers of Reconstruction Finance Corporation. Effective July 1, 1945, Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation and Rubber Reserve Company were dissolved and their functions, powers, duties and authority transferred to Reconstruction Finance Corporation (see Public Law 109, 79th Congress, approved June 30, 1945, and §§ 1601.122-5, 1601.122-13, 1603.332-11, 1608.809-1, and 1608.809-2). The Reconstruction Finance Corporation thereupon obtained all the powers, functions, duties and authority vested in such subsidiary corporations under the Renegotiation Act, both as to contracts previously entered into by those subsidiaries and as to contracts which the Reconstruction Finance Corporation, on and after July 1, 1945, might enter into under the authority transfered by Public Law 109, and as to subcontracts thereunder.

By reason of such Public Law 109, the term "Department" as used in the Renegotiation Act also means Reconstruction Finance Corporation as successor to Defense Plant Corporation, Metals Reserve Company, Defense Supplies Corporation and Rubber Reserve Company.

Answers supplied should include receipts and accruals under such contracts with the Reconstruction Finanee Corporation, on and after July 1, 1945, and subcontracts thereunder, in addition to other information required. The answer to Section C.6 should also include the volume of receipts and accruals under such contracts with the Reconstruction Finance Corporation. The reference to a specific clause does not limit the general applicability of this Note.

3. Section 1607.725 is amended to read as follows:

§ 1607.725 *Agreement extending time for completion of renegotiation.*

---------- 194--.

It is hereby stipulated and agreed by and between the United States of America and ----------, ----------, with principal business office at ---------- (hereinafter referred to as the "Contractor") that, in accordance with the provisions of clause (B) of the second sentence of subsection (c) (3) of the Renegotiation Act, the time within which a determination of the amount of excessive profits, if any, of the Contractor for the Contractor's fiscal year ended ---------- may be made by agreement or order, is hereby extending to and including ---------- 194--.

(Name of Contractor)

By -----------------------
(Title)

If a corporation add (Corporate Seal)

Attest:

Secretary

UNITED STATES OF AMERICA,
By -----------------------

Acting on behalf of the War Contracts Price Adjustment Board created by the Renegotiation Act, under due delegations of authority made pursuant to subsection (d) (4) of the Renegotiation Act.

[RR 725]

SUBPART D—FORMS RELATING TO AGREEMENTS AND UNILATERAL DETERMINATIONS

1. Paragraph (9) is added to § 1607.741-2 as follows:

§ 1607.741-2 *Variations in the standard form.* * * *

(9) *Articles in connection with 1945 and 1946 Renegotiations under § 1603.313.* (a) Whenever renegotiation is conducted and completed for a portion of a contractor's fiscal year pursuant to the procedure authorized in § 1603.313 (e) (1), Article 1 of the Standard Form shall be made to relate to that part of the fiscal year covered by the agreement and the following contract article shall be included in the agreement.

"The Contractor agrees that in the event there is received or accrued any amount under contracts and subcontracts after the last day of the period with respect to which the determination specified in Article 1 hereof has been made (hereinafter referred to as "said date") and on or before the last day of his fiscal year ending ____________, which amount, or a portion thereof, is allocable under regulations of the War Contracts Price Adjustment Board, to performance prior to the close of the termination date as defined in subsection (h) of said Act, that

(i) Renegotiation proceedings may be conducted for the period beginning with the date following "said date" and ending with the last day of said fiscal year (hereinafter referred to as the "short period") and

(ii) In determining the applicability of the exemption contained in subsection (c) (6) of said Act and the applicability of paragraph 348.3 of the Renegotiation Regulations (relating to the "floor" provisions) for the "short period", there shall be added to the receipts or accruals under contracts and subcontracts during the "short period" (to the extent allocable to performance prior to the close of said termination date), the receipts or accruals (to the extent allocable to performance prior to the close of the said termination date) under said contracts and subcontracts during the period covered by this agreement."

(b) Whenever renegotiation is conducted and completed pursuant to the procedure authorized in § 1603.313-1 (e) (ii), Article 8 of the Standard Form shall be modified by inserting at the beginning thereof the phrase "Subject to the conditions hereinafter provided" and by inserting an additional paragraph to read as follows:

"It is agreed that the determination made in Article 1 of this agreement is made with respect to amounts (received) (accrued) under said contracts and subcontracts prior to ____________ hereinafter referred to as "said date". It is also agreed that this Agreement may be reopened at the election of the Government (i) if the contractor (receives) (accrues) any amount under said contracts and subcontracts after "said date" and before the end of said fiscal year and (ii) if such amount or any portion thereof is allocable under regulations of the War Contracts Price Adjustment Board, to performance prior to the close of the termination date of the Act as defined in subsection (h) thereof; provided, however, that such election must be made by registered letter mailed within ninety (90) days from the date of filing of the information required to be filed by the Contractor under subsection (c) (5) of said Act and regulations promulgated thereunder. It is agreed that if this Agreement is reopened under this paragraph, (a) the renegotiation shall be conducted as though this Agreement had not been made and (b) the time within which renegotiation with respect to said fiscal year must be completed under subsection (c) (3) of said Act shall be and is hereby extended to and including a date which is one year from the date on which the election to reopen this Agreement is made."

(c) Whenever renegotiation is conducted and completed for a fiscal year ending after July 31, 1945, or for a part of the fiscal year which part ended after July 31, 1945, Article 8 of the Standard Form shall be modified by inserting at the beginning thereof the phrase "Subject to the conditions hereinafter "provided" and by inserting an additional paragraph set forth below.

It is agreed that there has not been included in the data upon which the determination made in Article 1 hereof is based any amounts (received) (accrued) under said contracts and subcontracts, and costs (paid) (incurred) with respect thereto, after ____________ (hereinafter referred to as "said date"). It is further agreed that this Agreement may be reopened at the election of the Government or the Contractor, if the termination date of said Act, as defined in subsection (h) thereof, should be earlier than "said Date" and if the said determination was made with respect to, in whole or in part, amounts (received) (accrued) under said contracts and subcontracts, or costs (paid) (incurred) with respect thereto, which are not allocable under regulations of the War Contracts Price Adjustment Board to performance prior to the close of the said termination date. Such election must be made by registered letter mailed within ninety (90) days from the date on which the said termination date is fixed. If the Contractor makes such election, notice thereof must be given by registered letter addressed to the War Contracts Price Adjustment Board, Assignment and Statistics Branch, Washington 25, D. C. It is agreed that if this agreement is reopened under this paragraph (a) the renegotiation shall be conducted as though this Agreement had not been made and (b) the time within which renegotiation with respect to said fiscal year must be completed under subsection (c) (3) of said Act shall be and is hereby extended to and including a date which is one year from the date on which the election to reopen is made.

It will be noted that in some instances it will be necessary to include in the agreement both the article described in items (9) (b) and (9) (c) of this subparagraph.

[RR 741.2]

2. Sections 1607.746-1 through 1607.746-3 are amended to read as follows:

§ 1607.746-1 *Order under delegated authority determining excessive profits.*

ORDER UNDER DELEGATED AUTHORITY DETERMINING EXCESSIVE PROFITS

Pursuant to authority duly delegated by the War Contracts Price Adjustment Board, a renegotiation proceeding was duly commenced with ________________ (hereinafter called the "Contractor") with respect to the aggregate of the amounts received or accrued by the Contractor under contracts and subcontracts subject to renegotiation under the Renegotiation Act (such contracts and subcontracts being hereinafter collectively referred to as "said contracts and subcontracts") for the Contractor's fiscal year ended __________ (hereinafter called "said fiscal year").

In connection with such renegotiation proceeding, a conference was held with the Contractor at or in connection with which there were submitted by the Contractor and obtained from governmental or other reliable sources, certain financial, operating and other data relating to the Contractor's business and the Contractor's profits derived from said contracts and subcontracts during said fiscal year. At and in connection with such conference the Contractor has been afforded full opportunity to submit such additional information and to present such contentions as the Contractor deemed material to a determination of excessive profits within the meaning of the Renegotiation Act.

In determining the excessive profits hereinafter determined, due consideration has been given to all such financial, operating and other data and information so furnished or obtained, to each of the contentions so presented, and to all of the factors referred to in subsection (a) (4) (A) of the Renegotiation Act.

As a result of such renegotiation it is hereby determined that ______________ Dollars ($______) represents the portion of the Contractor's profits derived from said contracts and subcontracts for said fiscal year, which is excessive within the meaning of the Renegotiation Act. After proper adjustment on account of taxes, other than Federal taxes, measured by income which are attributable to that portion of the Contractor's profits derived from said contracts and subcontracts for said fiscal year which is not excessive, it is hereby determined that the amount of excessive profits of the Contractor for said fiscal year which should be eliminated is ____________ Dollars ($______).

This order will be deemed the determination of the War Contracts Price Adjustment Board upon the conditions prescribed in subsection (d) (5) of the Renegotiation Act. If, and as soon as, this order shall be deemed the determination of the War Contracts Price Adjustment Board, pursuant to subsection (d) (5) of the Renegotiation Act, then ____________________________ (or such
(Secretary of a Department)
official or officials in such Department to whom the power, function and duty of exercising such authority and carrying out such direction may be or have been delegated or successively redelegated) is hereby authorized and directed to take such action (including the authorization and direction of any other Secretary or Secretaries to take such action) under the Renegotiation Act as he deems appropriate to eliminate such excessive profits to be eliminated.

In connection with the payment or discharge by any means of such excessive profits to be eliminated, the Renegotiation Act provides that the Contractor shall be allowed the applicable credit, if any, for Federal income and excess profits taxes as provided in Section 3806 of the Internal Revenue Code.

Dated, __________________

Issued and Entered on _________, 194__.

____
Title

Acting on behalf of the War Contracts Price Adjustment Board created by the Renegotiation Act, under due delegations of authority made pursuant to subsection (d) (4) of the Renegotiation Act.

[RR 746.1]

§ 1607.746-2 *Notice of order under delegated authority determining excessive profits.*

NOTICE OF ORDER UNDER DELEGATED AUTHORITY DETERMINING EXCESSIVE PROFITS

__________ 194__

GENTLEMEN: You are hereby notified by registered mail that pursuant to renegotiation under the Renegotiation Act, and in accordance with authority delegated by the War Contracts Price Adjustment Board, __________ acting in its behalf, issued and entered an order on __________ 1944, determining that of your profits derived from contracts and subcontracts subject to renegotiation under the Renegotiation Act for your fiscal year ended __________ Dollars ($______) represents excessive profits which should be eliminated. A copy of such order is enclosed herewith.

As provided in the Renegotiation Act such order may, in the discretion of the War Contracts Price Adjustment Board, be reviewed by such Board upon your request or upon its own motion, but unless such review shall have been initiated within the time prescribed by the Renegotiation Act, such order shall be deemed the determination of the War Contracts Price Adjustment Board.

Yours very truly,

____
Title

Acting on behalf of the War Contracts Price Adjustment Board created by the Renegotiation Act, under due delegations of authority made pursuant to subsection (d) (4) of the Renegotiation Act.

[RR 746.2]

§ 1607.746-3 *Notice of order having become the determination of the War Contracts Price Adjustment Board.*

NOTICE OF ORDER HAVING BECOME THE DETERMINATION OF THE WAR CONTRACTS PRICE ADJUSTMENT BOARD

---------- 194--

GENTLEMEN: You are hereby notified that no review having been initiated by the War Contracts Price Adjustment Board, either on your request or on its own motion, of the order dated, issued and entered on ---------- 194--, pursuant to renegotiation under the Renegotiation Act, by ---------- acting on behalf of the War Contracts Price Adjustment Board in accordance with authority delegated by it, determining that of your profits derived from contracts and subcontracts subject to renegotiation under the Renegotiation Act for your fiscal year ended ---------- Dollars ($------) represents excessive profits which should be eliminated, such order is deemed the determination of the War Contracts Price Adjustment Board.

A copy of such order is enclosed herewith.

This notice is being mailed to you by registered mail on ----------.

Demand is hereby made for the payment of the amount of such excessive profits to be eliminated less the tax credit, if any, referred to in such order. Any check should be drawn to the order of the Treasurer of the United States and delivered to ----------[1 2]

Interest will accrue at the rate of 6% per annum from and after ---------- (here insert date approximately fifteen days from the date such order is deemed the determination of the War Contracts Price Adjustment Board) on any amount due under such order and unpaid.

Yours very truly,

WAR CONTRACTS PRICE ADJUSTMENT BOARD,

By ----------

[3]----------

Title

Acting on behalf of the

(Secretary of a Department)

[RR 746.3]

3. Sections 1607.747-1 and 1607.747-2 are amended to read as follows:

§ 1607.747-1 *Order.*

ORDER BY THE WAR CONTRACTS PRICE ADJUSTMENT BOARD AFTER REVIEW

---------- 194--

Upon review of an order issued and entered ---------- 194--, by ---------- acting on behalf of the War Contracts Price Adjustment Board in accordance with authority delegated by it, determining ---------- Dollars ($------) as the amount of excessive profits which should be eliminated, derived by ---------- (hereinafter called the "Contractor") from contracts and subcontracts subject to renegotiation under the Renegotiation Act as defined in the Renegotiation Act, for the Contractor's fiscal year ended ----------, and after taking into consideration all of the factors referred to in subsection (a) (4) (A) of the Renegotiation Act, the War Contracts Price Adjustment Board has determined that ---------- Dollars ($------) represents the portion of the Contractor's profits derived from said contracts and subcontracts for the Contractor's fiscal year ended ----------, which is excessive within the meaning of the Renegotiation Act. After proper adjustment on account of taxes, other than Federal taxes, measured by income which are attributable to that portion of the profits of the Contractor derived from said contracts and subcontracts for said fiscal year which is not excessive, the War Contracts Price Adjustment Board hereby determines that the amount of excessive profits of the Contractor for said fiscal year which should be eliminated is ---------- Dollars ($------).

This order constitutes a determination by the War Contracts Price Adjustment Board upon review as provided by subsection (d) (5) of the Renegotiation Act. The ---------- (or such official or officials Secretary of a Department in such Department to whom the power, function and duty of exercising such authority and carrying out such direction may be or have been delegated or successively redelegated) is hereby authorized and directed to take such action (including the authorization and direction of any other Secretary or Secretaries to take such action) under the Renegotiation Act as he deems appropriate to eliminate such excessive profits to be eliminated.

In connection with the payment or discharge by any means of such excessive profits to be eliminated, the Renegotiation Act provides that the Contractor shall be allowed the applicable credit, if any, for Federal income and excess profits taxes as provided in Section 3806 of the Internal Revenue Code.

Dated, ----------

Issued and entered on ---------- 194--.

WAR CONTRACTS PRICE ADJUSTMENT BOARD,

By ----------

[RR 747.1]

§ 1607.747-2 *Notice.*

NOTICE OF DETERMINATION BY ORDER ENTERED BY WAR CONTRACTS PRICE ADJUSTMENT BOARD UPON REVIEW

---------- 194--

GENTLEMEN: You are hereby notified that upon review of an order dated, issued and entered on ---------- 194--, by ---------- acting on behalf of the War Contracts Price Adjustment Board in accordance with authority delegated by it, pursuant to renegotiation under the Renegotiation Act, the War Contracts Price Adjustment Board has issued and entered its order determining that of your profits derived from contracts and subcontracts subject to renegotiation under the Renegotiation Act for your fiscal year ended ---------- Dollars ($------) represents excessive profits which should be eliminated.

A copy of such order is enclosed herewith.

This notice is being mailed to you by registered mail on ----------.

Demand is hereby made for the payment of the amount of such excessive profits to be eliminated less the tax credit, if any, referred to in such order. Any check should be drawn to the order of the Treasurer of the United States and delivered to ----------[1 2]

Interest will accrue at the rate of 6% per annum from and after ---------- (here insert date approximately fifteen days from the date of such order) on any amount due under such order and unpaid.

Yours very truly,

WAR CONTRACTS PRICE ADJUSTMENT BOARD,

By ----------

[3]----------

Title

Acting on behalf of the

(Secretary of a Department)

[RR 747.2]

4. Section 1607.748-1 is amended to read as follows:

§ 1607.748-1 *Direction to a contractor to withhold.*

---------- 194--

Gentlemen: Pursuant to renegotiation under the Renegotiation Act, the War Contracts Price Adjustment Board has determined that $---------- of the profits derived by ---------- from contracts and subcontracts subject to renegotiation under the Renegotiation Act for the fiscal year ended ---------- are excessive profits which should be eliminated.

In accordance with the Renegotiation Act, the War Contracts Price Adjustment Board has authorized and directed the undersigned to eliminate such excessive profits. Accordingly, you are hereby directed to withhold for the account of the United States, pursuant to subsection (c) (2) of the Renegotiation Act, any and all amounts not in excess of $---------- otherwise due or which shall become due from you to said ----------

This direction shall be effective immediately and shall continue in effect until further notice from the undersigned.

You are directed further to report in writing to the undersigned within fifteen days from the date hereof the amount, if any, withheld by you for the account of the United States pursuant hereto.

Yours very truly,

Title

Acting on behalf of the

(Secretary of a Department)

[RR 748.1]

SUBPART E—FORMS OF REPORTS

Section 1607.751-9 is amended to read as follows:

§ 1607.751-9 *Form No. WCPAB-4 (Report of Recoveries Effected by Statutory Renegotiation.)*

WCPAB-4 Departmental report of recoveries effected by statutory renegotiation.

From: ---------- Close of Friday ----------

(Department)

To: War Contracts Price Adjustment Board
Attention: Assignments and Statistics Branch, WDPAB,
Statistics and Progress Section

This Department has entered into legally effective agreements and issued unilateral determinations providing for recoveries of excessive profits in the amounts stated below. The figures given are cumulative totals complete up to and including----------

Recoveries from contractors with fiscal years ending in—

	Agreements	Unilateral Determinations
1941–1942 ----------	$----------	$----------
1943 [1] ----------	$----------	$----------
1944 [1] ----------	$----------	$----------
1945 [1] ----------	$----------	$----------
1946 [1] ----------	$----------	$----------
Total ----------	$----------	$----------

[1] After Deduction of State Taxes Determined to be Applicable to Non-Excessive Profits.

(Department)

PRICE ADJUSTMENT BOARD,

By ----------

(Member)

[RR 751.9]

[1] See §§ 1603.323 and 1605.502-5.

[2] Insert address within Department to which the Contractor is assigned for renegotiation.

[3] Countersignature on behalf of the Secretary of a Department to which the Contractor is assigned for renegotiation.

SUBPART I—ADDRESSES

1. In § 1607.791-2 the last address is amended to read as follows:

§ 1607.791-2 *Members.* * * *

Mr. Norman L. Burton (Civilian Production Administration), Room 4276, Social Security Building, 4th and Independence Avenue SW., Washington 25, D. C., Tel. Republic 7500, Ext. 6261.

[RR 791.2]

2. In § 1607.793-1 the address of the Chief of Ordnance is amended to read as follows:

§ 1607.793-1 *Headquarters.* * * *

The Chief of Ordnance, Attention: Lt. Col. J. A. Rice, Price Adjustment Branch, Room 4E 375, The Pentagon, Washington 25, D.C. Tel. Republic 6700. Ext. 71588.

3. Section 1607.796-1 is amended to read as follows:

§ 1607.796-1 *War Department Patent Royalty Adjustment Offices.*

Mr. John M. Firestone, Patent Royalties Administrator, Office, Director, Production and Purchases Division, Headquarters, Army Service Forces, Room 3C 548, The Pentagon, Washington 25, D. C. Tel. Republic 6700. Ext. 3052.

Chairman, Royalty Adjustment Board, Army Air Forces Matériel Command, Wright Field, Dayton, Ohio. Tel. Kenmore 7111, Ext. 25222.

[RR 796.1]

PART 1608—TEXT OF STATUTES, ORDERS, JOINT REGULATIONS AND DIRECTIVES

SUBPART D—EXEMPTIONS

1. In paragraph (a) § 1608.841 four items are added in alphabetical order as follows:

§ 1608.841 *Raw material exemptions.* * * *

(a) * * *

Mesothorium.

Rare earth products: Didymium (neodymium) carbonate; lanthanium oxide; neodymium oxalate, rare earth chloride technical; rare earth nitrate.

Thorium nitrate.

Vermiculite ore, crude, crushed and expanded.

2. Section 1608.842-6 is added and former §§ 1608.842-6 and 1608.842-7 are redesignated §§ 1608.842-7 and 1608.842-8 respectively, and amended to read as follows:

§ 1608.842-6 *Fiscal years ending after December 31, 1944.* Pursuant to subsection (i) (4) of the Renegotiation Act of 1943 (including subsections (i) (4) (B) and (i) (4) (F)), the War Contracts Price Adjustment Board has exempted from renegotiation amounts received or accrued during fiscal years ending after December 31, 1944 under the following classes and types of contracts and subcontracts:

(a) Contracts and subcontracts with public utilities for the delivery of electric power,

(b) Contracts and subcontracts with public utilities for the delivery of gas,

(c) Contracts and subcontracts with public utilities for the furnishing of water, steam or the removal of sewage. [RR 842.6]

§ 1608.842-7 *Subcontracts.* Pursuant to subsection (i) (4) of the Renegotiation Act of 1943 (including subsections (i) (4) (B) and (i) (4) (F)) the following classes and types of contracts and subcontracts are exempt from all of the provisions of the Renegotiation Act of 1943.

(a) Subcontracts under any contracts or subcontracts exempted pursuant to §§ 1608.842-1 through 1608.842-6, inclusive. [RR 842.7]

§ 1608.842-8 *Scope of exemptions.* All of the exemptions made under §§ 1608.842-1 through 1608.842-7, inclusive, apply to contracts and subcontracts of the specified classes and types, whether heretofore or hereafter made or performed, and whether or not they contain renegotiation provisions. [RR 842.8]

3. Section 1608.845-3 is added to read as follows:

§ 1608.845-3 *Fiscal years ending after June 30, 1945.* (a) Pursuant to the authority given to the War Contracts Price Adjustment Board by subsection (i) (4) of the Renegotiation Act of 1943, the Board, under the provisions of subsection (i) (4) (D) of the 1943 Act, has exempted from renegotiation amounts received or accrued during fiscal years ending after June 30, 1945 under contracts or subcontracts for the making or furnishing of the following articles:

(a) Iron scrap and steel scrap; non-ferrous metal scrap; woolen waste, including woolen rags and clips, new and old; scrap rubber; waste paper; cotton or linen rags, including old bagging and old rope; and textile waste; sold by dealers or brokers.

(Comment: The exemption of these articles as standard commercial articles applies only to dealers and brokers in these articles and is not to be construed as affecting, in any way, users of these articles (in particular, manufacturers who use these articles), nor does it affect manufacturers who may produce and sell these articles as a by-product in the course of their operation. Neither does the exemption cover sales of these articles in any form other than as scrap or waste.)

(b) Reserved.

(c) Textile bags (made of burlap or cotton).

(d) Reserved.

(e) Paper of the following types and grades, sold by paper mills: Groundwood and free sheet uncoated and coated book papers (including but not limited to free sheet and groundwood offset, envelope and tablet papers); Mimeograph and duplicating (both groundwood and free sheet); Bond, writing and ledger, including opaque circular; Manifold and onion skin; Cover and text; Index and Bristol; Map paper (except wet-strength map paper); Post card paper; Blue print base stock.

(f) Paper and paper products sold by merchants.

(Comment: This exemption does not apply to sales of paper or paper products which have been manufactured, converted or processed by the seller or by any person under the control of or controlling or under common control with the seller.)

(g) Ready-mixed concrete.

(h) Portland cement.

(i) Reserved.

(j) Quick and hydrated lime.

(k) Dead-burned dolomite.

(l) Dead-burned magnesite made from dolomite stone, seawater or brine.

[RR 845.3]

[F. R. Doc. 45-22138; Filed, Dec. 11, 1945; 10:02 a. m.]

Chapter XVIII—Office of Stabilization Administrator, Office of War Mobilization and Reconversion

[Directive 91]

PART 4003—SUPPORT PRICES; SUBSIDIES

1945-CROP CORN LOAN

The Secretary of Agriculture has, by letter dated November 7, 1945, requested my approval of a loan program with respect to corn of the 1945 crop to be carried out by Commodity Credit Corporation. Loans would be made under the program at 90 percent of the parity price of corn as of October 1, 1945. The loan program is more fully described in the copy of memorandum from the Director of Grain Branch, Production and Marketing Administration, enclosed with the Secretary's letter.

Pursuant to the authority vested in me as Stabilization Administrator, I hereby authorize and direct the Secretary of Agriculture to carry out, through the Commodity Credit Corporation, the 1945-crop corn program described in the Secretary's letter and the memorandum enclosed therewith.

(E.O. 9250; E.O. 9328, 3 CFR, Cum. Supp.; E.O. 9599, 10 F.R. 10155; E.O. 9620, 10 F.R. 12033; and E.O. 9651, 10 F.R. 13487)

Issued and effective this 11th day of December 1945.

J. C. COLLET,
Stabilization Administrator.

[F. R. Doc. 45-22241; Filed, Dec. 12, 1945; 4:11 p. m.]

TITLE 33—NAVIGATION AND NAVIGABLE WATERS

Chapter II—Corps of Engineers, War Department

PART 208—FLOOD CONTROL REGULATIONS

PENSACOLA DAM AND RESERVOIR, GRAND (NEOSHO) RIVER, OKLAHOMA

Pursuant to the provisions of section 7 of the act of Congress approved December 22, 1944 (58 Stat. 890; 33 U.S.C. 709), the following regulations are hereby prescribed to govern the use of flood control storage in the Pensacola Reservoir on the Grand (Neosho) River, Oklahoma, and the operation of the Pensacola Dam for flood control purposes:

§ 208.25 *Pensacola Dam and Reservoir, Grand (Neosho) River, Oklahoma.* The representative of the agency charged with the operation of the Pensacola Dam, hereinafter referred to as the Representative, shall operate the dam and reservoir in the interest of flood control as follows:

(a) Whenever the pool stage exceeds elevation 745 at the dam, the discharge facilities shall be operated under the direction of the District Engineer, Engineer Department at Large, in charge of the locality, so as to reduce as much as practicable the flood damage below the reservoir and to limit the pool stage to elevation 755 at the dam.

(b) The District Engineer will advise the Representative when inflow rates are anticipated which will raise the pool above elevation 745 at the dam. The District Engineer will also advise the Representative of essential increase in the flood control storage capacity of the reservoir which should be provided by drawing the pool down below elevation 745 at the dam in order to obtain maximum flood control benefits, with the provision that the suggested reduction in power storage shall at no time exceed the replacement volume of flow then in sight in the streams above the reservoir.

(c) The Representative shall furnish the District Engineer, daily, a report showing the elevation of the reservoir pool and the tailwater, number of gates in operation, spillway and turbine releases, evaporation, storage, reservoir inflow, and precipitation in inches as shown by Agency gages. One reading shall be shown for each day with additional readings of releases for all changes in spillway gate operation, and with readings of all items except evaporation three times daily when the District Engineer advises the Representative that flood conditions are imminent. By agreement between the Representative and the District Engineer, any of the foregoing information may be furnished by telephone and may, if agreed upon, be omitted from the report. Whenever the pool is above elevation 745 at the dam the Representative shall submit additional reports by telegraph or telephone as directed by the District Engineer, with a report to be furnished immediately whenever the pool rises above elevation 745 at the dam.

(d) The District Engineer will furnish the Representative with all available information and detailed instructions for operation of the reservoir in the interest of flood control during an emergency condition when communications between the dam and the District Office are broken. In the event that the District Engineer or his authorized representative cannot be reached by telephone, telegraph or by other means during a flood emergency, these instructions will govern. The provisions (a), (b), and (c) of this section will govern at all times except during such an emergency.

(e) Elevations herein stated are referred to Pensacola datum which is 1.07 feet below mean sea level. [Regs. 3 Dec. 1945 (CE 461 (Pensacola Dam and Reservoir, Grand (Neosho) River, Oklahoma) SPEWF)]

[SEAL] EDWARD F. WITSELL,
Major General,
Acting The Adjutant General.

[F. R. Doc. 45-22246; Filed, Dec. 12, 1945; 4:34 p. m.]

PART 208—FLOOD CONTROL REGULATIONS

ALPINE DAM, KEITH CREEK, ROCKFORD, WINNEBAGO CO., ILLINOIS

Pursuant to the provisions of Section 7 of the Act of Congress approved December 22, 1944, (58 Stat. 890; 33 U.S.C. 709), the following regulations are hereby prescribed to govern the use of storage in the Alpine Dam on Keith Creek in Winnebago County, Illinois, and the operation of Alpine Dam for flood control purposes.

§ 208.30 *Alpine Dam, Keith Creek, Rockford, Winnebago Co., Illinois.* The City of Rockford, Winnebago County, Illinois, shall operate the Alpine Dam and Reservoir in the interest of flood control as follows:

(a) The opening at all times for the 5-ft. by 7-ft. controlled conduit shall be one foot except as directed in paragraph (b) following.

(b) After storage of flood runoff has occurred and the peak flow from the unreservoired area below the dam has passed through the City of Rockford, the gate of the control conduit shall be opened sufficiently to drain the reservoir as rapidly as possible without exceeding the channel capacity of Keith Creek through the City of Rockford.

(c) When the runoff impounded in the reservoir has been released the gate opening of the 5-ft. by 7-ft. control conduit shall be set at the established opening of one foot. [Regs. 3 Dec. 1945 (CE 461 (Alpine Dam, Keith Creek, Rockford, Winnebago Co., Illinois)—SPEWF)]

[SEAL] EDWARD F. WITSELL,
Major General,
Acting The Adjutant General.

[F. R. Doc. 45-22247; Filed, Dec. 12, 1945; 4:34 p. m.]

TITLE 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

PART 6—RULES GOVERNING FIXED PUBLIC RADIO SERVICES

SPECIAL TEMPORARY AUTHORIZATION

The Commission on December 5, 1945, adopted paragraph (e) of § 6.28 *Special temporary authorization*, effective January 1, 1946, which reads:

(e) Where authority is requested to communicate with a new foreign or overseas point, a statement describing the proposed contract, agreement or other arrangement to be made with any foreign administration or carrier, governing the operation of the proposed circuit, together with copies of any documents constituting such proposed contract, agreement or arrangement; and where extension is requested of existing authority to operate a circuit, a statement describing any modification in the contract, agreement or arrangement governing the operation of the circuit, made since the filing of the last preceding application for the authority sought to be extended, together with copies of any documents constituting such modification: *Provided, however*, That if copies of a proposed contract, agreement, arrangement or modification thereof have already been filed under Section 43.55 of the Commission's Rules and Regulations, reference to such prior filing may be made in lieu of refiling such documents hereunder.

(Sec. 4 (i), 48 Stat. 1068; sec. 303 (r), 50 Stat. 191; 47 U.S.C. 154 (i), 303 (r))

By the Commission.

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 45-22250; Filed, Dec. 13, 1945; 10:00 a. m.]

PART 10—RULES GOVERNING EMERGENCY RADIO SERVICES

AMPLITUDE MODULATION

The Commission on December 5, 1945, effective immediately, amended § 10.61 *Amplitude modulation*, which reads:

§ 10.61 *Amplitude modulation*—(a) *Tolerance.*[1] The frequency tolerance for stations employing amplitude modulation in the emergency radio services shall be as follows:

Frequency	Type of station	Percent
Below 30,000 kc	Fixed stations	0.01
	Land stations	.02
	Portable and mobile stations	.02
Above 30,000 kc	Fixed and land stations	.02
	Portable and mobile stations	.03
	Portable and mobile stations of 1 watt power or less.	.1

(Secs. 4 (i), 303 (e), 303 (f), 48 Stat. 1068, 1082; 47 U.S.C. 154 (i), 303 (e), 303 (f))

By the Commission.

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 45-22249; Filed, Dec. 13, 1945; 10:00 a. m.]

PART 11—RULES GOVERNING MISCELLANEOUS RADIO SERVICES

AMPLITUDE MODULATION

The Commission on December 5, 1945, effective, immediately, amended § 11.51 *Amplitude modulation*, which reads:

§ 11.51 *Amplitude modulation—Tolerance.*[2] The frequency tolerance for stations employing amplitude modulation in the miscellaneous radio services shall be as follows:

Frequency	Type of station	Percent
Below 30,000 kc	Fixed stations	0.01
	Land stations	.02
	Portable and mobile stations	.02
Above 30,000 kc	Fixed and land stations	.02
	Portable and mobile stations	.03
	Portable and mobile stations of 1 watt power or less.	.1

[1] For additional information on frequency tolerance, see Appendix A of Part 2—General Rules and Regulations or Appendix 1 of the General Radio Regulations (Cairo Revision, 1938) annexed to the International Telecommunication Convention of Madrid, 1932.

[2] See Appendix A of Part 2—General Rules and Regulations.