1986 (*i.e.*, immediately before M2's separate return year begins).

(iv) In 1987, M1 will restore $14.284 of the deferred loss. This restoration is determined by multiplying M1's adjusted deferred loss of $71.42 (*i.e.*, $75−$3.58) by a fraction. As in example (1), the numerator of this fraction is $14.29 and the denominator is $71.45. Similarly, M1 will restore $14.284 in 1988, 1989, 1990, 1991. Thus, by the end of 1991, M1 will have restored the entire amount of the loss that remained deferred ($75) as of the time immediately prior to M2's separate return year (*i.e.*, $3.58+($14.284×5 years)).

(h) *Depreciable property disposed of outside consolidated group but not outside controlled group.* If, after the effective date of section 267(f); M1 defers a loss on a sale of depreciable property to M2 during a taxable year for which M1 and M2 join in filing a consolidated return, then M2's disposition of that property to a member that does not join in filing the consolidated return will result in restoring M1's deferred loss under the principles of paragraph (g) (2) and (3) of this section.

(i) [Reserved]

(j) *Restoring deferred loss for a receivable after deconsolidation*—(1) *Conditions of application.* This paragraph (j) applies only if all of the following conditions are met:

(i) M1 defers a loss on the sale of a receivable to M2 that occurs after the effective date of section 267(f) and during a taxable year in which M1 and M2 join in filing a consolidated return.

(ii) If M1 and M2 had not joined in filing a consolidated return that year, all or a portion of the loss would not have been deferred under § 1.267(f)-1T(e).

(iii) An event occurs ("restoration event") which in the absence of applying this section would result in restoring all or a portion of M1's deferred loss under § 1.1502–13 but which, as a result of applying this section (as if this paragraph (j) did not apply), would not result in restoring that deferred loss.

(2) *One-time restoration.* If this paragraph (j) applies, then at the time M1 would have restored its deferred loss under § 1.1502–13 were this section not applicable, M1 shall restore an amount equal to the lesser of—

(i) The amount of the loss that would not have been deferred under § 1.267(f)–1T(e) had M1 and M2 not joined in filing a consolidated return for the taxable year in which M1 sold the receivable to M2 or

(ii) The amount of the loss that would have been restored under § 1.1502–13 as a result of the restoration event were it not for this section.

Par. 3. Immediately after § 1.706–1, there is added a new § 1.706–2T. The new section reads as follows:

§ 1.706–2T Temporary regulations; question and answer under the Tax Reform Act of 1984.

Question 1: For purposes of section 706(d), how is an otherwise deductible amount that is deferred under section 267(a)(2) treated?

Answer 1: In the year the deduction is allowed, the deduction will constitute an allocable cash basis item under section 706(d)(2)(B)(iv).

Par. 4. Immediately after § 1.1502–13, there is added a new § 1.1502–13T. The new section reads as follows:

§ 1.1502–13T Temporary regulations for certain intercompany transactions.

(a)–(j) [Reserved]

(k) *Priority of sections 267(f).* For application of section 267(f) when a consolidated return is filed, see § 1.267(f)–2T.

There is a need for immediate guidance with respect to the provisions contained in this Treasury decision. For this reason, it is found impracticable to issue this Treasury decision with notice and public procedure under subsection (b) of section 553 of Title 5 of the United States Code or subject to the effective date limitation of subsection (d) of that section.

This Treasury decision is issued under the authority contained in sections 267 (f)(2)(B), 706(d)(2)(B)(iv), 1502, and 7805 of the Internal Revenue Code of 1954 (98 Stat. 704, 26 U.S.C. 267; 98 Stat. 589, 26 U.S.C. 706; 68A Stat. 367, 26 U.S.C. 1502; 68A Stat. 917, 26 U.S.C. 7805, respectively).

Roscoe L. Egger, Jr.,

Commissioner of Internal Revenue.

Approved: November 14, 1984.

Ronald A. Pearlman,

Acting Assistant Secretary of the Treasury.

[FR Doc. 84-31466 Filed 11-29-84; 8:59 am]

BILLING CODE 4830-01-M

Fiscal Service

31 CFR Ch. II

Nomenclature Changes

AGENCY: Financial Management Service, Treasury.

ACTION: Final rule, nomenclature changes.

SUMMARY: The Bureau of Government Financial Operations became the Financial Managment Service (49 FR 43630, October 31, 1984. As a result, it is necessary to make numerous nomenclature changes throughout the CFR Chapter.

DATE: Effective October 10, 1984.

FOR FURTHER INFORMATION CONTACT: Thomas Gillilland, Director, External Affairs, 202–566–2780.

SUPPLEMENTARY INFORMATION: 31 CFR, Chapter II, Subchapter A, title is amended by removing the words "Bureau of Governmental Financial Operations" and inserting in their place the words "Financial Management Service".

In addition to the amendment set forth above, 31 CFR Chapter II is amended by removing the words "Bureau of Governmental Financial Operations" and inserting "Financial Management Service" in the following places:

(a) 31 CFR 202.3(b)(2)(i)
(b) 31 CFR 205.4(b)
(c) 31 CFR 205.8(b)
(d) 31 CFR 205.9
(e) 31 CFR 205.10
(f) 31 CFR 209.12
(g) 31 CFR 223.22(a)
(h) 31 CFR 224.7
(i) 31 CFR Part 225, footnote 1
(j) 31 CFR 235.3
(k) 31 CFR 235.4
(l) 31 CFR 235.6
(m) 31 CFR 245.2 (a) and (b)
(n) 31 CFR 245.3 (a), (a) (2), (5) and (6)
(o) 31 CFR 245.4
(p) 31 CFR 245.5 (a) and (b)
(q) 31 CFR 245.6
(r) 31 CFR 245.7
(s) 31 CFR 248.2
(t) 31 CFR 250.2
(u) 31 CFR 250.3(a)(1)
(v) 31 CFR 250.4 (b)(1) and (f)
(w) 31 CFR 250.6
(x) 31 CFR 251.1
(y) 31 CFR 251.4
(z) 31 CFR 254.1(b)
(i) 31 CFR 254.3(b)
(ii) 31 CFR 254.4
(iii) 31 CFR 256.2
(iv) 31 CFR 257.2(a) and footnote 1
(v) 31 CFR 270.1
(vi) 31 CFR 270.2 (a)(1) and (a)(3)
(vii) 31 CFR 270.3 (a) and (b)
(viii) 31 CFR 270.4
(ix) 31 CFR 290.3
(x) 31 CFR 290.6

In addition to the above, the following nomenclature changes are made:

31 CFR 202.7: Delete "Banking Staff, Bureau of Government Financial Operations" and insert "Federal Finance, Financial Management Service".

31 CFR 205.3(e): Delete "Regional Disbursing Office, disbursing centers and regional disbursing offices" and insert "Regional Financial Centers".

31 CFR 205.4(b): Delete "Regional Disbursing Office" and insert "Regional Financial Center".

31 CFR 209.3(b)(1): After the words "as agent of the employee" insert a period, and strike the rest of the paragraph (pursuant to Pub. L. 98–369, Section 2814, 31 U.S.C. 3332(b).

31 CFR 209.8: Delete this section in its entirety; renumber 209.9 as 209.8; 209.10 as 209.9; 209.11 as 209.10; and 209.12 as 209.11 (pursuant to Pub. L. 98–369, Section 2814).

31 CFR 210.5: 31 U.S.C. 82c should be changed to 31 U.S.C. 3528.

31 CFR 223.2 and 226.3(a): Delete "Assistant Comptroller for Auditing, Bureau of Government Financial Operations" and insert "Assistant Commissioner, Comptroller, Financial Management Service".

31 CFR 223.3(a), 223.8(a), 223.12 (b) and (c), 223.16, and 223.22(c): Delete the words "Assistant Comptroller for Auditing" and insert "Assistant Commissioner, Comptroller".

31 CFR 235.3 and 235.4: 31 U.S.C. 562 and 31 U.S.C. 561 should be changed to 31 U.S.C. 3343.

31 CFR 240.2(n): 31 CFR 209.10(a) should be changed to 31 CFR 208.10(a), and 31 CFR 209.9 should be changed to 208.9.

31 CFR 240.6 (b) and (c)(1): Delete "Division of Check Claims, Policy and Collection Section" and insert "Check Claims Group, Reclamation Branch".

31 CFR 240.6(c)(1): Delete "Assistant Director (Support Services) Division of Check Claims" and insert "Director, Operations Division, Check Claims Group".

31 CFR 240.10(f): Delete "Disbursing Officer" and insert "Regional Financial Center".

31 CFR 240.11(a)(2): Delete "Bureau of Government Financial Operations, Division of Check Claims" and insert "Financial Management Service, Check Claims Group".

31 CFR 245.1: Change 31 U.S.C. 528 to 31 U.S.C. 3321.

31 CFR 245.4 and 248.2: Delete "Chief, Disbursing Officer" and insert "Director, Operations Group".

31 CFR 253.1(a) and 256.1 (a) and (b): Delete "Division of Disbursement" and insert "Field Operations Group, Financial Management Service".

Part 257: Please add a note following the table of contents of this part stating

Note.—One year after enactment of the Act (July 18, 1984), no claim may be made against the Postal Savings System.

31 CFR Part 261—Claims Pursuant to the Government Losses in Shipment Act, and 31 CFR Part 262—Declaration of Valuables Under the Government Losses in Shipment Act, are hereby transferred to Subchapter B, Parts 357 and 358 respectively.[1]

31 CFR 357.7 and 357.8: Delete "Bureau of Government Financial Operations, Division of Finance and Management Information, Washington, D.C. 20226" and insert "Bureau of the Public Debt".

Dated: November 20, 1984.

W.E. Douglas,

Commissioner.

[FR Doc. 84–30978 Filed 11–29–84; 8:45 am]

BILLING CODE 4810–35–M

[1] Transferred pursuant to Treasury Department Order No. 160–2, dated September 10, 1984.

VETERANS ADMINISTRATION

38 CFR Part 3

Legislative Increases in Compensation

AGENCY: Veterans Administration.

ACTION: Final regulation amendments.

SUMMARY: The Veterans Administration (VA) is amending its adjudication regulations to implement pertinent provisions of the Veterans' Compensation and Program Improvements Amendments of 1984. These amendments are necessary to extend eligibility and increase benefits for certain VA claimants and beneficiaries in accordance with that law. The effect of these amendments will be to extend benefits to former prisoners of war, certain dependent children and hospitalized verterans, and certain Senior Reserve Officers' Training Corps members as well as to increase the benefits for certain blinded veterans who also suffer from varying degrees of hearing loss.

DATES: These amendments are effective October 1, 1983, as provided by the above cited law.

FOR FURTHER INFORMATION CONTACT: Robert M. White, Compensation and Pension Service (211B), Department of Veterans Benefits, Veterans Administration, 810 Vermont Avenue, NW, Washington, DC 20420, (202) 389–3005.

SUPPLEMENTARY INFORMATION: On pages 24035–37 of the **Federal Register** of June 11, 1984, the Veterans Administration published proposed amendments to 38 CFR 3.6, 3.30, 3.31, 3.57, 3.309 and 3.350. Interested persons were given 30 days to submit comments, suggestions or objections to the proposed amendments.

One comment was received concerning the proposed amendment to 38 CFR 3.31 which provides for a new exception to the general rule on commencement of the period of payment. The general rule is that payments based on an original, reopened or increased award of compensation, pension or dependency and indemnity compensation may not be made for any period prior to the first day of the calendar month following the month in which the award became effective. This general rule operated to the disadvantage of veterans who were entitled to a temporary total rating under paragraph 29 of the Schedule for Rating Disabilities (38 CFR 4.29) when hospitalization or treatment of a service-connected disability for a period in excess of 21 days occurred entirely within one calendar month. The new exception was created to insure that such seriously disabled veterans receive at least one full month of temporary total benefits.

The commentator suggested that the new exception should also apply in cases of temporary total ratings under paragraph 30 of the Rating Schedule (38 CFR 4.30) where the period of treatment (such as immobilization of a major joint by casting) began and ended within one calendar month. It was contended that veterans in such situations would not receive at least one full month of temporary total benefits if the new exception to 38 CFR 3.31 were limited to paragraph 29 situations as currently proposed.

After carefully considering this comment we have determined that the new exception to the general rule on the commencement of the period of payment should apply only to benefits under paragraph 29 and that veterans entitled to benefits under paragraph 30 would not be denied at least one full month of temporary total benefits. Once a veteran has met any of the three requirements for entitlement to a temporary total rating under paragraph 30, that regulation requires the temporary increase to be effective from the date treatment began and continue at least through the end of the next calendar month. Since a temporary increase under paragraph 30 must be effective for more than one calendar month, the general rule under 38 CFR 3.31 would apply to prohibit payment of the temporary increase only for the month in which treatment began. Veterans entitled under paragraph 30 are, therefore, assured of at least one full month of benefits at the temporary total rate.

For the above reasons, and because no other comments, suggestions or objections were received, the amendments have been adopted as proposed.

The Administrator hereby certifies that these regulations will not have a significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act (RFA), 5 U.S.C. 601–612. Therefore, pursuant to 5 U.S.C. 605(b), these regulations are exempt from the initial and final regulatory flexibility analyses requirements of sections 603 and 604. The reason for this certification is that these regulations impose no regulatory burdens on small entities, and only claimants for VA benefits will be directly affected.

In accordance with Executive Order 12291, Federal Regulation, we have determined that these proposed regulations are non-major for the following reasons:

(1) They will not have an effect on the economy of $100 million or more.

(2) They will not cause a major increase in costs or prices.

(3) They will not have significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

List of Subjects in 38 CFR Part 3

Administrative practice and procedure, Claims, Handicapped, Health care, Pensions, Veterans.

(The Catalog of Federal Domestic Assistance program numbers are 64.104, 64.105, 64.109, and 64.110)

Approved: November 6, 1984.

Harry N. Walters,

Administrator.

PART 3—[AMENDED]

38 CFR Part 3, Adjudication, is amended as follows:

1. In § 3.6, paragraph (c)(4) is revised to read as follows:

§ 3.6 Duty periods.

* * * * *

(c) *Active duty for training.*

* * * * *

(4) Duty performed by a member of a Senior Reserve Officers' Training Corps program when ordered to such duty for the purpose of field training or a practice cruise under chapter 103 of title 10, United States Code (this subparagraph is effective October 1, 1982, with respect to deaths and disabilities resulting from diseases or injuries incurred or aggravated after September 30, 1982, and it is effective October 1, 1983, with respect to deaths and disabilities resulting from diseases or injuries incurred or aggravated before October 1, 1982) (Pub. L. 97–306, as amended by sec. 210, Pub. L. 98–223); and

* * * * *

2. In § 3.30, paragraphs (b) and (c) are revised to read as follows:

§ 3.30 Frequency of payment of improved pension.

* * * * *

(b) *Quarterly.* Payment shall be made every 3 months on or about March 1, June 1, September 1, and December 1, if the annual rate payable is at least $40 but less than $120. The provisions of § 3.29(b) apply to this paragraph. (Pub. L. 98–21)

(c) *Semiannully.* Payment shall be made every 6 months on or about June 1 and December 1, if the annual rate payable is at least $20 but less than $40. The provisions of § 3.29(b) apply to this paragraph. (Pub. L. 98–21)

* * * * *

3. In § 3.31, paragraph (a) is revised and new paragraph (c)(5) is added so that the added and revised material reads as follows:

§ 3.31 Commencement of the period of payment.

* * * * *

(a) *Increased award defined.* For the purposes of this section the term "increased award" means an award which is increased because of an added dependent, increase in disability or disability rating, or reduction in income. The term also includes elections of improved pension under section 306 of Pub. L. 95–588 and awards pursuant to paragraphs 29 and 30 of the Schedule for Rating Disabilities except as provided in paragraph (c) of this section.

* * * * *

(c) *Specific exclusions.* * * *

* * * * *

(5) Temporary total ratings pursuant to paragraph 29 of the Schedule for Rating Disabilities when the entire period of hospitalization or treatment, including any period of post-hospitalization convalescence, commences and terminates within the same calendar month. In such cases the period of payment shall commence on the first day of the month in which the hospitalization or treatment began. (38 U.S.C. 3011(c); sec. 113, Pub. L. 98–223)

4. In § 3.57 paragraph (a)(1) is amended by adding the words "and (3)" after the words "paragraph (a)(2)"; and new paragraph (a)(3) is added to read as follows:

§ 3.57 Child.

(a) *General.* * * *

(3) Subject to the provisions of paragraphs (c) and (e) of this section, the term "child" also includes a person who became permanently incapable of self-support before reaching the age of 18 years, who was a member of the veteran's household at the time he or she became 18 years of age, and who was adopted by the veteran, regardless of the age of such person at the time of adoption. (38 U.S.C. 101(4)(A); sec. 201, Pub. L. 98–223)

* * * * *

§ 3.309 [Amended]

5. In § 3.309, paragraph (c) is amended by adding "Dysthymic disorder (or depressive neurosis) (sec. 111, Pub. L. 98–223)" to the bottom of the list of diseases in that paragraph.

6. In § 3.350, paragraph (e)(1)(iv) is added (the first sentence of paragraph (e)(1) is shown for the reader's convenience), and paragraph (f)(2) is revised to read as follows:

§ 3.350 Special monthly compensation ratings.

* * * * *

(e) *Ratings under 38 U.S.C. 314(o).* (1) The special monthly compensation provided by 39 U.S.C. 314(o) is payable for any of the following conditions:

* * * * *

(iv) Service-connected total deafness in one ear or bilateral deafness rated at 40 percent or more disabling (and the hearing impairment in either one of both ears is service-connected) in combination with service-connected blindness of both eyes having only light perception or less. Sec. 112, Pub. L. 98–223)

* * * * *

(f) *Intermediate or next higher rate.* * * *

(2) Eyes, bilateral, and blindness in connection with deafness and/or loss or loss of use of a hand or foot.

(i) Blindness of one eye with 5/200 visual acuity or less and blindness of the other eye having only light perception will entitle to the rate between 38 U.S.C. 314 (l) and (m).

(ii) Blindness of one eye with 5/200 visual acuity or less and anatomical loss of, or blindness having no light perception in the other eye, will entitle to a rate equal to 38 U.S.C. 314(m).

(iii) Blindness of one eye having only light perception and anatomical loss of, or blindness having no light perception in the other eye, will entitle to a rate between 38 U.S.C. 314 (m) and (n).

(iv) Blindness in both eyes with visual acuity of 5/200 or less, or blindness in both eyes rated under subparagraph (2) (i) or (ii) of this paragraph, when accompanied by service-connected total deafness in one ear, will afford entitlement to the next higher intermediate rate of if the veteran is already entitled to an intermediate rate, to the next higher statutory rate under 38 U.S.C. 314, but in no event higher than the rate for (o).

(v) Blindness in both eyes having only light perception or less, or rated under subparagraph (2)(iii) of this paragraph, when accompanied by bilateral deafness (and the hearing impairment in either one or both ears is service-connected) rated at 10 or 20 percent disabling, will afford entitlement to the next higher intermediate rate, or if the veteran is already entitled to an intermediate rate, to the next higher statutory rate under 38 U.S.C. 314, but in no event higher than the rate for (o). (Sec. 112, Pub. L. 98–223)

(vi) Blindness in both eyes rated under 38 U.S.C. 314 (l), (m) or (n), or rated under subparagraphs (2) (i), (ii) or (iii) of this paragraph, when accompanied by bilaterial deafness rated at no less than 30 percent, and the hearing impairment in one or both ears is service-connected, will afford entitlement to the next higher statutory rate under 38 U.S.C. 314, or if the veteran is already entitled to an intermediate rate, to the next higher intermediate rate, but in no event higher than the rate for (o). (38 U.S.C. 314(p); Pub. L. 98–223)

(vii) Blindness in both eyes rated under 38 U.S.C. 314 (l), (m), or (n), or under the intermediate or next higher rate provisions of this subparagraph, when accompanied by:

(A) Service-connected loss or loss of use of one hand, will afford entitlement to the next higher statutory rate under 38 U.S.C. 314 or, if the veteran is already entitled to an intermediate rate, to the next higher intermediate rate, but in no event higher than the rate for (o); or

(B) Service-connected loss or loss of use of one foot which by itself or in combination with another compensable disability would be ratable at 50 percent or more, will afford entitlement to the next higher statutory rate under 38 U.S.C. 314 or, if the veteran is already entitled to an intermediate rate, to the next higher intermediate rate, but in no event higher than the rate for (o); or

(C) Service-connected loss or loss of use of one foot which ratable at less than 50 percent and which is the only compensable disability other than bilateral blindness, will afford entitlement to the next higher intermediate rate or, if the veteran is already entitled to an intermediate rate, to the next higher Statutory rate under 38 U.S.C. 314, but in no event higher than the rate for (o). (38 U.S.C. 314(p)) (Pub. L. 97–306)

*   *   *   *   *

(Pub. L. 98–223)

[FR Doc. 84–31382 Filed 11–29–84; 8:45 am]

BILLING CODE 8320-01-M

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38 CFR Part 3

Dependency of Parents—Compensation

AGENCY: Veterans Administration.

ACTION: Final regulation amendments.

SUMMARY: The Veterans Administration (VA) is amending its adjudication regulations to increase the levels of monthly income below which conclusive dependency of a parent is established. These amendments are necessary because the monthly income levels currently in effect have not been adjusted for inflation (as measured by the Consumer Price Index) since 1975. The effect of these amendments will be the elimination of unnecessary development to establish dependency resulting in more rapid adjudication of claims.

DATE: These changes are effective May 1, 1984.

FOR FURTHER INFORMATION CONTACT: Rober M. White, Compensation and Pension Service (211B), Department of Veterans Benefits, Veterans Administration, 810 Vermont Avenue, NW, Washington, DC, 20420, (202) 389–3005.

SUPPLEMENTARY INFORMATION: On pages 32863–32864 of the **Federal Register** of August 17, 1984, (49 FR 32863), the VA published a proposed amendment to 38 CFR 3.250 concerning adjustment of the income levels necessary to establish conclusive dependency of a parent. Interested persons were given until September 17, 1984, to submit comments, suggestions or objections to the proposed amendment. Because of a typographical error in that publication, however, a correction was published on pages 34532–34533 of the **Federal Register** of August 31, 1984, and the comment period was extended to September 28, 1984. Since no comments, suggestions or objections were received, the amendment has been adopted as proposed and corrected.

The Administrator hereby certifies that this regulatory amendment will have no significant economic impact on a substantial number of small entities as they are defined in the Regulatory Flexibility Act (RFA), 5 U.S.C. 601–612. The reason for this certification is that this amendment would not directly affect any small entities. Only claimants for VA benefits could be directly affected. Therefore, pursuant to 5 U.S.C. 605(b), this amendment is exempt from the initial and final regulatory flexibility analyses requirements of sections 603 and 604.

In accordance with Exec. Order 12291, Federal Regulation, we have determined that this regulatory amendment is non-major for the following reasons:

(1) It will not have an effect on the economy of $100 million or more.

(2) It will cause a major increase in costs or prices.

(3) It will not have significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets.

List of Subjects in 38 CFR Part 3

Administrative practice and procedure, Claims, Handicapped, Health care, Pensions, Veterans.

(Catalog of Federal Domestic Assistance program number is 64.109)

Approved: November 6, 1984.

Harry N. Walters,
Administrator.

PART 3—[AMENDED]

In 38 CFR Part 3, ADJUDICATION, § 3.250(a)(1) is revised to read as follows:

§ 3.250 Dependency of parents—compensation.

(a) *Income.* (1) *Conclusive dependency.* Dependency of a parent (other than one who is residing in a foreign country) will be held to exist where the monthy income does not exceed:

(i) $400 for a mother or father not living together;

(ii) $660 for a mother and father, or remarried parent and spouse, living together:

(iii) $185 for each additional "member of the family" as defined in paragraph (b)(2). (38 U.S.C. 102(a))

*   *   *   *   *

[FR Doc. 84–31381 Filed 11–29–84; 8:45 am]

BILLING CODE 8320-01-M

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38 CFR Part 14

Personal Property Claims

AGENCY: Veterans Administration.