Special Analyses

It has been determined that this Treasury decision is not a significant regulatory action as defined in Executive Order 12866. Therefore, a regulatory assessment is not required. It also has been determined that section 553(b) of the Administrative Procedure Act (5 U.S.C. chapter 5) does not apply to these regulations, and because these regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking preceding these regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Drafting Information

The principal authors of these regulations are Christian Wood and Grant Anderson of the Office of Associate Chief Counsel (Income Tax and Accounting). However, other personnel from the IRS and Treasury Department participated in their development.

List of Subjects in 26 CFR Part 1

Income taxes, Reporting and recordkeeping requirements.

Adoption of Amendments to the Regulations

■ Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

■ **Paragraph 1.** The authority citation for part 1 continues to read, in part, as follows:

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

■ **Par. 2.** In § 1.263A–7, paragraph (b)(2)(ii) is revised to read as follows:

§ 1.263A–7 Changing a method of accounting under section 263A.

* * * * *

(b) * * *

(2) * * *

(ii) *Adjustment required by section 481(a).* In the case of any taxpayer required or permitted to change its method of accounting for any taxable year under section 263A and the regulations thereunder, the change will be treated as initiated by the taxpayer for purposes of the adjustment required by section 481(a). The taxpayer must take the net section 481(a) adjustment into account over the section 481(a) adjustment period as determined under the applicable administrative procedures issued under § 1.446–1(e)(3)(ii) for obtaining the Commissioner's consent to a change in accounting method (for example, see Rev. Proc. 2002–9 (2002–1 C.B. 327) and Rev. Proc. 97–27 (1997–1 C.B. 680) (also see § 601.601(d)(2) of this chapter)). This paragraph applies to taxable years ending on or after June 16, 2004.

* * * * *

■ **Par. 3.** Section 1.448–1 is amended as follows:

■ 1. Paragraphs (g)(2)(i) and (g)(3)(i) are revised.

■ 2. Paragraphs (g)(3)(ii) and (g)(3)(iii) are removed.

■ 3. Paragraph (g)(3)(iv) is redesignated as paragraph (g)(3)(ii) and the introductory language is revised.

■ 4. Paragraph (g)(6) is removed.

■ 5. Paragraph (i)(1) is amended by removing the language ''and (4)'' and adding ''(4), and (5)'' in its place.

■ 6. Paragraph (i)(5) is added.

The revisions and addition read as follows:

§ 1.448–1 Limitation on the use of the cash receipts and disbursements method of accounting.

* * * * *

(g) * * *

(2) * * *

(i) *In general.* Except as otherwise provided in paragraphs (g)(2)(ii) and (g)(3) of this section, a taxpayer required by this section to change from the cash method must take the net section 481(a) adjustment into account over the section 481(a) adjustment period as determined under the applicable administrative procedures issued under § 1.446–1(e)(3)(ii) for obtaining the Commissioner's consent to a change in accounting method (for example, see Rev. Proc. 2002–9 (2002–1 C.B. 327) and Rev. Proc. 97–27 (1997–1 C.B. 680) (also see § 601.601(d)(2) of this chapter)), provided the taxpayer complies with the provisions of paragraph (h)(2) or (3) of this section for its first section 448 year.

* * * * *

(3) * * *

(i) *Cessation of trade or business.* If the taxpayer ceases to engage in the trade or business to which the section 481(a) adjustment relates, or if the taxpayer operating the trade or business terminates existence, and such cessation or termination occurs prior to the expiration of the adjustment period described in paragraph (g)(2)(i) or (ii) of this section, the taxpayer must take into account, in the taxable year of such cessation or termination, the balance of the adjustment not previously taken into account in computing taxable income. For purposes of this paragraph (g)(3)(i), the determination as to whether a taxpayer has ceased to engage in the trade or business to which the section 481(a) adjustment relates, or has terminated its existence, is to be made under the principles of § 1.446–1(e)(3)(ii) and its underlying administrative procedures.

(ii) *De minimis rule for a taxpayer other than a cooperative.* Notwithstanding paragraph (g)(2)(i) and (ii) of this section, a taxpayer other than a cooperative (within the meaning of section 1381(a)) that is required to change from the cash method by this section may elect to use, in lieu of the adjustment period described in paragraph (g)(2)(i) and (ii) of this section, the adjustment period for *de minimis* section 481(a) adjustments provided in the applicable administrative procedure issued under § 1.446–1(e)(3)(ii) for obtaining the Commissioner's consent to a change in accounting method. A taxpayer may make an election under this paragraph (g)(3)(ii) only if —

* * * * *

(i) * * *

(5) *Effective date of paragraph (g)(2)(i).* Paragraph (g)(2)(i) of this section applies to taxable years ending on or after June 16, 2004.

Mark E. Matthews,

Deputy Commissioner for Services and Enforcement.

Approved: June 1, 2004.

Gregory F. Jenner,

Acting Assistant Secretary of the Treasury (Tax Policy).

[FR Doc. 04–13585 Filed 6–15–04; 8:45 am]

BILLING CODE 4830–01–P

DEPARTMENT OF THE TREASURY

Alcohol and Tobacco Tax and Trade Bureau

27 CFR Parts 4, 5, and 7

[T.D. TTB–12]

RIN 1513–AA93

Removal of Requirement To Disclose Saccharin in the Labeling of Wine, Distilled Spirits, and Malt Beverages (2003R–575P)

AGENCY: Alcohol and Tobacco Tax and Trade Bureau, Treasury.

ACTION: Final rule; Treasury decision.

SUMMARY: This document amends the Alcohol and Tobacco Tax and Trade Bureau's labeling regulations to remove the requirement for bottlers of wine, distilled spirits, and malt beverages to show a warning on products containing saccharin. The regulatory amendments

in this document reflect the National Toxicology Program's revised findings about saccharin and the removal of the statutory requirement for the warning.

DATES: This rule is effective on June 16, 2004.

FOR FURTHER INFORMATION CONTACT: Lisa M. Gesser, Regulations and Procedures Division, Alcohol and Tobacco Tax and Trade Bureau, P.O. Box 128, Morganza, Maryland 20660; (301–290–1460) or e-mail *Lisa.Gesser@ttb.gov.*

SUPPLEMENTARY INFORMATION:

Background

The Federal Alcohol Administration Act, 27 U.S.C. 205(e)(2), authorizes the Administrator of the Alcohol and Tobacco Tax and Trade Bureau (TTB), as a delegate of the Secretary of the Treasury, to prescribe regulations which will provide the consumer with ''adequate information'' as to the identity and quality of alcohol beverage products. Under this authority, parts 4, 5, and 7 of title 27 of the Code of Federal Regulations (27 CFR 4, 5, and 7) prescribe the labeling requirements for wines, distilled spirits, and malt beverages, respectively. Prior to January 24, 2003, the Secretary of the Treasury had delegated this responsibility to the Administrator's predecessor, the Director of the former Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury (ATF-Treasury). The regulations requiring basic mandatory labeling information for alcohol beverage products have been in effect for over 50 years.

On November 23, 1977, President Carter signed into law the Saccharin Study and Labeling Act, Public Law 95–203, 91 Stat. 1451. Section 4(a)(1) of the Saccharin Study and Labeling Act added paragraph (o) to 21 U.S.C. 343, requiring the following statement on the labels of all food and beverage products that contained saccharin:

> Use of this product may be hazardous to your health. This product contains saccharin which has been determined to cause cancer in laboratory animals.

In 1984 and 1985, ATF-Treasury began receiving petitions from industry members requesting to use saccharin as a sugar substitute in alcohol beverage manufacturing. The Food and Drug Administration regulations, 21 CFR 180.37 (21 U.S.C. 348, 371), did not and still do not preclude the use of saccharin in the production of alcohol beverages. In recognition of the congressional mandate as expressed in the Saccharin Study and Labeling Act and pursuant to section 205(e)(2) of the Federal Alcohol Administration Act, ATF-Treasury published Treasury Decision ATF–220 on December 20, 1985 at 50 FR 51851 (as corrected in 51 FR 4338, published February 4, 1986).

Treasury Decision ATF–220 amended the regulations in 27 CFR parts 4, 5, and 7 to require bottlers of alcohol beverage products containing saccharin (including sodium saccharin, calcium saccharin and ammonium saccharin) to label their products with a health warning statement identical to that set forth in the Saccharin Study and Labeling Act.

On May 15, 2000, the U.S. Department of Health and Human Services, Public Health Service, National Toxicology Program published the 9th Report on Carcinogens. The Report delisted saccharin, which had been listed in the Report as ''reasonably anticipated to be a human carcinogen'' since 1981. The Report explained that saccharin was removed from the list after a review of the carcinogenicity data for saccharin. The Report concluded:

> Saccharin will be removed from the Report on Carcinogens, because the rodent cancer data are not sufficient to meet the current criteria to list this chemical as *reasonably anticipated to be a human carcinogen.* This is based on the perception that the observed bladder tumors in rats arise by mechanisms not relevant to humans, and the lack of data in humans suggesting a carcinogenic hazard.

Section 517, Title V, Appendix A, Consolidated Appropriations Act of 2001 (Pub. L. 106–554, 114 Stat. 2763), repealed 21 U.S.C. 343(o), the saccharin warning statement requirement, as well as subsections (c) and (d) of section 4 of the Saccharin Study and Labeling Act. Accordingly, we are amending 27 CFR parts 4, 5, and 7 by removing the saccharin warning statement requirement for the labeling of wine, distilled spirits, and malt beverages. These regulatory changes are made solely to reflect the statutory change noted above, and are in no way intended to reflect or prejudice our review of a recent petition we have received, proposing a number of new and broader labeling requirements.

Inapplicability of Notice and Delayed Effective Date Requirements

Because the regulatory changes in this document remove a requirement imposed by the Saccharin Study and Labeling Act, which was repealed, TTB has determined it is impractical and unnecessary to issue these regulations with prior public notice and comment procedures under 5 U.S.C. 553(b) or subject to the effective date limitation in section 553(d).

Executive Order 12866

This final rule does not meet the criteria for a ''significant regulatory action'' as specified in Executive Order 12866. Accordingly, this final rule is not subject to the analysis required by this Executive Order.

Regulatory Flexibility Act

The provisions of the Regulatory Flexibility Act relating to an initial and final regulatory flexibility analysis (5 U.S.C. 603, 604) do not apply to this final rule because no notice of proposed rulemaking is required by 5 U.S.C. 553(b).

Paperwork Reduction Act

The provisions of the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(j)) and its implementing regulations, 5 CFR part 1320, do not apply to this final rule because no requirement to collect information is imposed.

Drafting Information

The principal author of this document is Lisa M. Gesser, Regulations and Procedures Division, Alcohol and Tobacco Tax and Trade Bureau.

List of Subjects

27 CFR Part 4

Advertising, Consumer protection, Customs duties and inspection, Imports, Labeling, Packaging and containers, Reporting and recordkeeping requirements, Trade practices, Wine.

27 CFR Part 5

Advertising, Consumer protection, Customs duties and inspection, Imports, Labeling, Liquors, Packaging and containers, Reporting and recordkeeping requirements, Trade practices.

27 CFR Part 7

Advertising, Beer, Consumer protection, Customs duties and inspection, Imports, and Labeling.

Authority and Issuance

■ For the reasons discussed in the preamble, TTB amends 27 CFR, chapter I, parts 4, 5, and 7 as set forth below:

PART 4—LABELING AND ADVERTISING OF WINE

■ 1. The authority citation for part 4 continues to read as follows:

Authority: 27 U.S.C. 205, unless otherwise noted.

§ 4.32 [Amended]

■ 2. Amend § 4.32 by removing and reserving paragraph (d).

PART 5—LABELING AND ADVERTISING OF DISTILLED SPIRITS

■ 3. The authority citation for part 5 continues to read as follows:

Authority: 26 U.S.C. 5301, 7805, 27 U.S.C. 205.

§ 5.32 [Amended]

■ 4. Amend § 5.32 by removing and reserving paragraph (b)(6).

PART 7—LABELING AND ADVERTISING OF MALT BEVERAGES

■ 5. The authority citation for part 7 continues to read as follows:

Authority: 27 U.S.C. 205.

§ 7.22 [Amended]

■ 6. Amend § 7.22 by removing and reserving paragraph (b)(5).

Signed: March 8, 2004.

Arthur J. Libertucci,

Administrator.

Approved: April 9, 2004.

Timothy E. Skud,

Deputy Assistant Secretary (Tax, Trade, and Tariff Policy).

[FR Doc. 04–13404 Filed 6–15–04; 8:45 am]

BILLING CODE 4810–31–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Parts 101 and 104

[USCG–2004–17086]

Application for Continuous Synopsis Record (CSR) (Form CG–6309)

AGENCY: Coast Guard, DHS.

ACTION: Notice of Forms availability; announcement of approval date and clarification.

SUMMARY: The Coast Guard announces the approval of the collection of information associated with the Application for a Continuous Synopsis Record by the Office of Management and Budget (OMB). The Coast Guard also makes clarifications to the Notice of Availability of this application, published in the **Federal Register** on February 27, 2004, and addresses the comments received from the public.

DATES: Form CG–6039, Application for Continuous Synopsis Record, was approved on April 2, 2004 (OMB control number 1625–0002). Form CG–6038A, Amendments to the CSR and Index of Amendments to the CSR, was approved on April 23, 2004 (OMB control number 1625–0017).

FOR FURTHER INFORMATION CONTACT: If you have any questions regarding this notice or the CSR contact Lieutenant Commander Kirsten R. Martin, telephone (202) 267–0503, e-mail *kmartin@comdt.uscg.mil* or Chief Warrant Officer Jim Upthegrove, telephone (202) 267–0102, e-mail *jupthegrove@comdt.uscg.mil,* U.S. Coast Guard Office of Compliance (G–MOC–1). If you have questions on viewing or submitting material to the docket, call Andrea M. Jenkins, Program Manager, Docket Operations, telephone 202–366–0271.

SUPPLEMENTARY INFORMATION: *Privacy Act:* Anyone can search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, *etc.*). You may review the Department of Transportation's Privacy Act Statement in the **Federal Register** published on April 11, 2000 (65 FR 19477), or you may visit *http://dms.dot.gov.*

Public Comments

The Coast Guard received two general comments from the public. One commenter expressed concern with the short submission time for the application of the Continuous Synopsis Record. The Coast Guard recognizes the difficult timelines for compliance with the requirements for the International Ship and Port Facility Security (ISPS) Code. The Coast Guard Marine Safety Center has identified through all practical means those vessels subject to International Convention for the Safety of Life at Sea, 1974 as amended (SOLAS) requiring International Ship Security Certificates (ISSCs) and Continuous Synopsis Records (CSRs) to be onboard prior to July 1, 2004. These vessels are receiving priority scheduling at each step of the process. We have instituted a concurrent issue process for ISSCs and initial CSRs to enable Coast Guard field units to deliver both documents upon satisfactory completion of the onboard verification exam. Upon receipt of an approval letter for their vessel security plan, owners and operators are strongly encouraged to coordinate closely with their local Officer in Charge, Marine Inspection (OCMI) and the Continuous Synopsis Record Desk (CSR Desk) without delay to ensure timely onboard verification and document issuance.

The other comment stated that there was possible confusion regarding what vessels are required to carry an ISSC and a CSR. The requirements of the ISPS Code, including ISSCs and CSRs, are applicable to those vessels identified in Chapter I of SOLAS, which defines cargo ships as ''any ship which is not a passenger ship'' and specifically exempts ''cargo ships of less than 500 gross tonnage'' and ''ships not propelled by mechanical means.'' Some members of the maritime community have confused the requirements of the ISPS Code with the requirements of the Maritime Transportation Security Act of 2002 (MTSA). While the ISPS Code and the MTSA closely parallel one another, there are several instances where they diverge considerably. Among them are applicability, and the requirements for documents such as ISSC and CSR. Barges or non self-propelled vessels are not subject to SOLAS, and therefore do not have to carry a CSR.

Clarification

We received some requests from the public and industry to clarify certain wording in the Notice of Availability that was published in the **Federal Register** February 17, 2004 (69 FR 9206). The following clarifications are provided to assist both the public and pertinent implementation and compliance agencies, including the Coast Guard.

''Gross Tonnage,'' means the gross tonnage measurement of the vessel under 46 U.S.C. chapter 143 Convention measurement (referring to International Convention on Tonnage Measurement of Ships, 1969, also known as ITC). This parameter is also described as ''GT'' or ''GT ITC''. It follows that any wording that refers to ''tons'' should be read as ''tonnage.'' Also, in accordance with SOLAS definitions, the way to refer to a passenger vessel's applicability requirement, shall read ''more than 12 passengers'' instead of ''12 or more passengers.''

Furthermore, some definitions were mentioned in the notice and were provided as a ready source of information. The Coast Guard has found that they might be a potential source of confusion as it could be interpreted that these definitions are new or revised definitions of existing terms. To clarify this, the intent of this notice is to adhere to the existing definitions as defined in the Maritime Transportation Security Act of 2002 (MTSA) and SOLAS. These definitions are already clearly defined and are applicable for the CSR Notice of Availability.

Collection of Information

This notice calls for no new collections of information under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520). The CSR notice