

(iii) *Results for years 1, 2 and 3.* The results for this example are the same as the results in *Example 1.*

* * * * *

(j) * * *

(2) * * *

(iii) *Valuation of economic benefits.* Notwithstanding paragraph (j)(2)(ii) of this section, for taxable years beginning after December 31, 2002, parties to an arrangement described in paragraph (d)(3) of this section may rely on this section only if the value of all economic benefits taken into account by the parties is determined in accordance with paragraph (d)(3)(ii) of this section.

* * * * *

Par. 3. Section 1.83-6, as proposed on July 9, 2002, at 67 FR 45428, is amended by adding paragraph (a)(5)(ii)(B)(3) to read as follows:

§ 1.83-6 Deduction by employer.

(a) * * *

(5) * * *

(ii) * * *

(B) * * *

(3) *Valuation of economic benefits.* Notwithstanding paragraph (a)(5)(ii)(B)(2) of this section, for taxable years beginning after December 31, 2002, parties to an arrangement described in § 1.61-22(d)(3) may rely on this section only if the value of all economic benefits taken into account by the parties is determined in accordance with § 1.61-22(d)(3)(ii).

* * * * *

Par. 4. Section 1.301-1, as proposed on July 9, 2002, at 67 FR 45428, is amended by adding paragraph (q)(4)(ii)(C) to read as follows:

§ 1.301-1 Rules applicable with respect to distributions of money and other property.

* * * * *

(q) * * *

(4) * * *

(ii) * * *

(C) *Valuation of economic benefits.* Notwithstanding paragraph (q)(4)(ii)(B) of this section, for taxable years beginning after December 31, 2002, parties to an arrangement described in § 1.61-22(d)(3) may rely on this section only if the value of all economic benefits taken into account by the parties is determined in accordance with § 1.61-22(d)(3)(ii).

* * * * *

David A. Mader,

Assistant Deputy Commissioner of Internal Revenue.

[FR Doc. 03-11568 Filed 5-8-03; 8:45 am]

BILLING CODE 4830-01-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-103580-02]

RIN 1545-BA53

Noncompensatory Partnership Options

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Cancellation of notice of public hearing on proposed rulemaking.

SUMMARY: This document provides notice of cancellation of a public hearing on proposed regulations relating to the tax treatment of noncompensatory options and convertible instruments issued by a partnership.

DATES: The public hearing originally scheduled for Tuesday, May 20, 2003, at 10 a.m., is cancelled.

FOR FURTHER INFORMATION CONTACT: Treena Garrett of the Regulations Unit, Associate Chief Counsel (Procedure and Administration), (202) 622-7180 (not a toll-free number).

SUPPLEMENTARY INFORMATION: A notice of proposed rulemaking and notice of public hearing that appeared in the **Federal Register** on Wednesday, January 22, 2003, (68 FR 2930), announced that a public hearing was scheduled for Tuesday, May 20, 2003, at 10 a.m. in room 4718, Internal Revenue Service Building, 1111 Constitution Avenue, NW., Washington, DC. The subject of the public hearing is proposed regulations under sections 704(b), 721, and 761 of the Internal Revenue Code. The public comment period for these proposed regulations expired on Tuesday, April 29, 2003. Outlines of oral comments were due on Tuesday, April 29, 2003.

The notice of proposed rulemaking and notice of public hearing, instructed those interested in testifying at the public hearing to submit a request to speak and an outline of the topics to be addressed. As of Tuesday, May 6, 2003, no one has requested to speak. Therefore, the public hearing scheduled for Tuesday, May 20, 2003, is cancelled.

LaNita Van Dyke,

Acting Chief, Regulations Unit, Associate Chief Counsel (Procedure and Administration).

[FR Doc. 03-11592 Filed 5-8-03; 8:45 am]

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DEPARTMENT OF THE TREASURY

Alcohol and Tobacco Tax and Trade Bureau

27 CFR Parts 4, 5, 7 and 13

[Notice No. 7; Ref: T.D. ATF-483, ATF Notices No. 954 and No. 964]

RIN 1513-AA46 (Formerly 1512-AC87)

Organic Claims in Labeling and Advertising of Alcohol Beverages (2002R-288P)

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

ACTION: Notice of proposed rulemaking; reopening of comment period.

SUMMARY: In response to an industry request, TTB reopens the comment period for ATF Notice No. 954, a notice of proposed rulemaking published in the **Federal Register** on October 8, 2002.

DATES: Written comments must be received on or before June 23, 2003.

ADDRESSES: You may view copies of the temporary and proposed regulations, the notice of proposed rulemaking, the request for extension, and any comments received on the notice by appointment at the ATF Reference Library, Public and Governmental Affairs, Room 6480, 650 Massachusetts Avenue, NW., Washington, DC 20226, or online under Notice No. 954 at <http://www.ttb.gov/alcohol/rules/index.htm>.

You may send comments to any of the following addresses—

- Chief, Regulations and Procedures Division, Alcohol and Tobacco Tax and Trade Bureau, P.O. Box 50221, Washington, DC 20091-0221 (Attn: Notice No. 954);

- 202-927-8525 (Facsimile);
- nprm@ttb.treas.gov (E-mail);
- <http://www.ttb.gov/alcohol/rules/index.htm> (Online—A comment form is available with Notice 954.)

FOR FURTHER INFORMATION CONTACT: James VanVliet, Alcohol and Tobacco Tax and Trade Bureau, Alcohol Labeling and Formulation Division, 650 Massachusetts Avenue, NW., Washington, DC 20226; telephone 202-927-8140; e-mail James.Vanvliet@ttb.treas.gov.

SUPPLEMENTARY INFORMATION:

Background

On October 8, 2002, the Bureau of Alcohol, Tobacco and Firearms (ATF) published a temporary rule (T.D. ATF-483, 67 FR 62856) to amend the alcohol labeling and advertising rules to cross-reference the United States Department of Agriculture's (USDA) National

Organic Program (NOP) rules, which took effect October 21, 2002. The temporary rule confirmed that any alcohol beverage labeled or advertised with an organic claim must comply with both NOP rules administered by USDA and the applicable rules administered by ATF.

At the same time, ATF published a notice of proposed rulemaking (Notice No. 954, 67 FR 62860) to solicit comments on the temporary rule. The comment period for Notice No. 954 was scheduled to close on December 9, 2002.

Before the close of the comment period, ATF received a request from the Wine Institute to extend the comment period for 90 days. The Wine Institute stated that it requested the extension in order to provide ATF with thoroughly researched comments that represented a full discussion among its members. In consideration of that request, on December 27, 2002, ATF published Notice No. 964 (67 FR 79011) to reopen the comment period until March 27, 2003.

Effective January 24, 2003, the Homeland Security Act of 2002, Pub. L. 107-296, 116 Stat. 2135 (2002), divided the Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, into two separate agencies, the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) in the Department of Justice, and the Tax and Trade Bureau (TTB) in the Department of the Treasury. Under the Homeland Security Act of 2002, the Administrator TTB is authorized to administer and enforce Chapters 51 (relating to distilled spirits, wine and beer) and 52 (relating to tobacco products and cigarette papers and tubes) of the Internal Revenue Code of 1986 (IRC), as amended, and IRC sections 4181 and 4182 (relating to the excise tax on firearms and ammunition). TTB also administers and enforces the Federal Alcohol Administration Act (FAA Act) and Webb-Kenyon Act in title 27, United States Code. Proceedings pending at the time the Homeland Security Act of 2002 was enacted, including notices of proposed rulemaking, are continued within the jurisdiction of the respective agencies under section 1512 of the Act. Therefore, TTB is continuing with the rulemaking on organic labels begun by ATF.

Before the March 27, 2003 due date for comments, TTB received a request from the Wine Institute for an additional 45-day extension of the comment period. The Wine Institute stated that it would like additional time to work with USDA representatives on labeling issues as they apply to wine. Since we have a temporary rule in place, we believe that

an additional 45-day extension of the comment period is justified.

Additional Information on the Sulfite Statement in Wine

In early comments, several wine producers expressed concern that they would be required to list sulfites twice on their labels if they made wine from organic grapes, since sulfite statements are required under the FAA Act regulations and full ingredient listings are required by the USDA NOP rules. Commenters stated that they would be required to list any sulfiting agent as an ingredient under the NOP rules, and still give the sulfite warning required by 4.32(e). TTB's Advertising, Labeling and Formulation Division (ALFD) takes a different approach. ALFD approves labels that include the sulfite statement or identify the specific sulfiting agent in the ingredient listing, provided that the sulfite statement appears more conspicuous than its surrounding text and in a format allowed under the regulations. An example of this presentation appears in the sample label for wine made from 70% or more organic ingredients posted on the TTB Web site (<http://www.ttb.gov/alcohol/alfd/wine.pdf>).

Drafting Information

Marjorie Ruhf of the Regulations and Procedures Division, Alcohol and Tobacco Tax and Trade Bureau, drafted this notice.

List of Subjects

27 CFR Part 4

Advertising, 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.

27 CFR Part 7

Advertising, Beer, Customs duties and inspection, Imports, Labeling, Reporting and recordkeeping requirements, Trade practices.

27 CFR Part 13

Administrative practice and procedure, Alcohol and alcoholic beverages, Labeling.

Authority and Issuance

This document is issued under the authority in 27 U.S.C. 205.

Signed: May 2, 2003.

Arthur J. Libertucci,
Administrator.

[FR Doc. 03-11609 Filed 5-8-03; 8:45 am]

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DEPARTMENT OF DEFENSE

Department of the Navy

32 CFR Part 701

[Secretary of the Navy Instruction 5211.5]

Privacy Act; Implementation

AGENCY: Department of the Navy.

ACTION: Proposed rule.

SUMMARY: The Department of the Navy is proposing to revise the exemption rule for N05520-5, entitled "Personnel Security Program Management Records System". The revision includes deleting the (k)(1) exemption because it is redundant and claiming subsections (c)(3) and (e)(1) under the (k)(5) exemption. The principal purpose of the (k)(5) exemption is to protect the identity of a confidential source. The expansion is considered supportive, and in furtherance, of the overall purpose of the exemption.

EFFECTIVE DATE: Comments must be received on or before July 8, 2003, to be considered by this agency.

FOR FURTHER INFORMATION CONTACT: Mrs. Doris Lama at (202) 685-6545 or DSN 325-6545.

SUPPLEMENTARY INFORMATION:

Executive Order 12866

It has been determined that this Privacy Act rule for the Department of Defense does not constitute 'significant regulatory action'. Analysis of the rule indicates that it does not have an annual effect on the economy of \$100 million or more; does not create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; does not materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; does not raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in Executive Order 12866 (1993).

Regulatory Flexibility Act

It has been determined that this Privacy Act rule for the Department of Defense does not have significant economic impact on a substantial number of small entities because it is concerned only with the administration of Privacy Act systems of records within the Department of Defense.