

“healthy.” This action is being taken in response to a request for more time to submit comments to FDA.

**DATES:** Submit written or electronic comments on the proposed rule by July 5, 2003.

**ADDRESSES:** Submit written comments to the Dockets Management Branch (HFA-305), Food and Drug Administration, 5630 Fishers Lane, rm. 1061, Rockville, MD 20852. Submit electronic comments to <http://www.fda.gov/dockets/ecomments>.

**FOR FURTHER INFORMATION CONTACT:** Constance B. Henry, Center for Food Safety and Applied Nutrition (HFS-830), Food and Drug Administration, 5100 Paint Branch Pkwy., College Park, MD 02740-3835, 301-436-1450.

#### SUPPLEMENTARY INFORMATION:

##### I. Background

In the **Federal Register** of February 20, 2003 (68 FR 8163), FDA published a proposed rule that, if finalized, would amend the regulation for sodium levels for foods that use the nutrient content claim “healthy.” The agency proposed that a previously established, but not yet implemented, more restrictive second-tier sodium level would be permitted to take effect as a criterion that individual foods must meet to qualify to bear the term “healthy.” The agency proposed to retain the current first-tier sodium levels for meal and main dish products because implementing the more restrictive second-tier sodium level could result in the substantial elimination from the marketplace of meal and main dish products bearing the claim “healthy.”

In the February 20, 2003, proposed rule, FDA announced that the time period for public comment would be 75 days from the date of the publication in the **Federal Register**. On April 9, 2003, FDA received a request to allow an additional 60 days for interested persons to comment. In the requester's view, the time period of 75 days was insufficient to respond fully to FDA's multiple requests for comments and analyses and to enable all potential respondents adequate time to conduct the research necessary to provide complete scientific responses to questions posed in the proposed rule.

FDA believes that an extension of the comment period is appropriate, given the variety of issues raised by the proposed rule. Therefore, FDA is extending the comment period for an additional 60 days, until July 5, 2003. This extension will provide the public with a total of 135 days to submit comments.

##### II. Comments

Interested persons may submit to the Dockets Management Branch (see **ADDRESSES**) written or electronic comments regarding the proposal. Submit a single copy of electronic comments or two paper copies of any mailed comments, except that individuals may submit one paper copy. Comments are to be identified with the docket numbers found in brackets in the heading of this document. Received comments may be seen in the Dockets Management Branch between 9 a.m. and 4 p.m., Monday through Friday.

Dated: May 1, 2003.

**Jeffrey Shuren,**

*Assistant Commissioner for Policy.*

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#### DEPARTMENT OF THE TREASURY

##### Internal Revenue Service

##### 26 CFR Part 1

[REG-100818-01]

**RIN 1545-AY74**

##### Liabilities Assumed in Certain Transactions

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Advance notice of proposed rulemaking.

**SUMMARY:** The IRS and Treasury are considering publishing a notice of proposed rulemaking proposing rules regarding the amount of a liability a transferee of property is treated as assuming in connection with a transfer of property and certain tax consequences that result from the transferee's assumption of such a liability. This document describes and explains the issues that the IRS and Treasury are considering addressing in the notice of proposed rulemaking and the rules that the IRS and Treasury might propose to address some of these issues. This document also invites comments regarding these issues and rules.

**DATES:** Written or electronic comments must be received by August 4, 2003.

**ADDRESSES:** Send submissions to: CC:PA:RU (REG-100818-01), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand-delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to CC:PA:RU (REG-100818-01),

Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, NW., Washington, DC. Alternatively, taxpayers may submit comments electronically directly to the IRS Internet site at [www.irs.gov/regs](http://www.irs.gov/regs).

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposals, please contact Douglas Bates, (202) 622-7550 (not a toll-free number). Concerning submissions, please contact Treena Garrett, (202) 622-7180 (not a toll-free number).

#### SUPPLEMENTARY INFORMATION:

##### Background

Sections 357(d) and 362(d) of the Internal Revenue Code (Code) were enacted as part of the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106-36) and are effective for transfers after October 18, 1998. Section 357(d) provides rules for determining the amount of liability treated as assumed for purposes of sections 357, 358(d), 358(h), 362(d), 368(a)(1)(C), and 368(a)(2)(B). Section 357(d) was enacted to clarify the amount of liability treated as assumed where multiple assets secure a single liability and some, but not all, of those assets are transferred to a transferee corporation. Section 362(d) was enacted to clarify and limit the amount of the transferee's basis in the transferred property in certain cases. The legislative history of sections 357(d) and 362(d) indicates that Congress was concerned that if multiple transferees were treated as assuming the same liability, taxpayers might assert that the basis of multiple assets reflects the assumption of the same liability, resulting in assets having a basis in excess of their value and, thus, excessive depreciation deductions and mismeasurement of income. Section 357(d) was intended to eliminate the uncertainty of the tax treatment for such liabilities and to prescribe the tax treatment of such liabilities in a manner that better reflects the underlying economics of the transfer. The legislative history of section 357(d) also reflects that Congress intended to eliminate the distinction between the assumption of a liability and the acquisition of an asset that is subject to a liability. *See* S. Rep. No. 106-2 at 75 (1999).

Section 357(d)(1)(A) provides that, except as provided in regulations, a recourse liability will be treated as assumed if the transferee has agreed, and is expected, to satisfy it, regardless of whether the transferor is relieved of the liability. In addition, section 357(d)(1)(B) provides that a nonrecourse liability is treated as assumed by the