

Finally, the 2000 Act amended the stacking rule to provide that credit is allocated first from the unused carryforward component, then from the sum of the population, returned credit, and national pool components. The 2000 Act also amended the computation of the unused carryforward component. The proposed regulations amend the existing regulations to reflect these changes and clarify that under the 2000 Act changes, amounts remaining unallocated from the national pool component in a calendar year are included as part of the unused carryforward component of the following calendar year's Credit Ceiling.

Proposed Effective Date

The proposed regulations that reflect the changes made by the 2000 Act will be effective for housing credit dollar amounts allocated after the date these regulations are published as final regulations in the **Federal Register**. However, the proposed regulations that reflect the changes made by the 2000 Act may be applied by Agencies and taxpayers for housing credit dollar amounts allocated after December 31, 2000, and before the effective date of the final regulations. The proposed regulations that facilitate the electronic filing of income tax returns will be effective for forms filed after the date these regulations are published as final regulations in the **Federal Register**.

Special Analyses

It has been determined that this notice of proposed rulemaking 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 the regulations do not impose a new collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. The collection of information contained in this notice of proposed rulemaking has been previously reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. 3507) under control number 1545-1102. Pursuant to section 7805(f) of the Internal Revenue Code, this notice of proposed rulemaking will be submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business.

Comments and Public Hearing

Before these proposed regulations are adopted as final regulations, consideration will be given to any written comments (preferably a signed original and eight (8) copies) that are submitted timely to the IRS. Comments are requested on all aspects of the proposed regulations. In addition, comments are specifically requested on the clarity of the proposed regulations and how they can be revised to be more easily understood. All comments will be available for public inspection and copying.

A public hearing has been scheduled for September 23, 2003, at 10 a.m. in room 4718, Internal Revenue Building, 1111 Constitution Avenue, NW., Washington, DC. All visitors must present photo identification to enter the building. Because of access restrictions, visitors will not be admitted beyond the immediate entrance area at the Constitution Avenue entrance more than 30 minutes before the hearing starts. For information about having your name placed on the building access list to attend the hearing, see the **FOR FURTHER INFORMATION CONTACT** section of this preamble.

The rules of 26 CFR 601.601(a)(3) apply to the hearing.

Persons that wish to present oral comments at the hearing must submit written comments and an outline of the topics to be discussed (with the time to be devoted to each topic) by September 5, 2003.

A period of 10 minutes will be allotted to each person for making comments.

An agenda showing the scheduling of the speakers will be prepared after the deadline for receiving outlines has passed. Copies of the agenda will be available free of charge at the hearing.

Drafting Information

The principal authors of these regulations are Christopher J. Wilson and Lauren R. Taylor, Office of the Associate Chief Counsel (Passthroughs and Special Industries), IRS. 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.

Proposed Amendments to the Regulations

Accordingly, 26 CFR part 1 is proposed to be 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. Section 1.42-6 is amended by:

1. Revising paragraph (a).
2. Amending Example 1. of paragraph (b)(4) by removing the word "September" and by adding the word "May" in its place; by removing the date "1993" each place it appears and by adding the date "2003" in its place; and by removing the date "1995" and adding the date "2005" in its place.
3. Revising Example 2. of paragraph (b)(4).
4. Revising paragraph (c)(1).
5. Amending the first and last sentences of paragraph (c)(2) by removing the language "by the close of the calendar year of the allocation" and adding the language "by the close of the calendar year of the allocation (for allocations made before July 1) or by the close of the date that is 6 months after the date the allocation is made (for allocations made after June 30)" in its place.
6. Revising paragraph (c)(3).
7. Revising paragraph (d)(2)(viii).
8. Revising paragraph (d)(4)(i).
9. Amending paragraph (d)(4)(ii) by removing the language " 'Carryover Allocation of the Low-Income Housing Credit,' ".
10. Amending the first sentence of paragraph (e)(2) by removing the language "before the close of the calendar year of the allocation" and adding the language "by the close of the calendar year of the allocation (for allocations made before July 1) or by the close of the date that is 6 months after the date the allocation is made (for allocations made after June 30)" in its place.

The revisions read as follows:

§ 1.42-6. Buildings qualifying for carryover allocations.

(a) *Carryover allocations*—(1) *In general.* A carryover allocation is an allocation that meets the requirements of section 42(h)(1)(E) or (F). If the requirements of section 42(h)(1)(E) or (F) that are required to be satisfied by the close of a calendar year are not satisfied, the allocation is not valid and is treated as if it had not been made for that calendar year. For example, if a carryover allocation fails to satisfy a requirement in § 1.42-6(d) for making an allocation, such as failing to be signed or dated by an authorized official of an allocating agency by the close of a calendar year, the allocation is not