

NRD 4002006303

Flynt Kennedy



To (WRBe - DVP)

Date 4/3/75

~~(WRS - BAC) - REIT~~

PVC
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The attached provides a better than
usual "state of the union" summary.

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RULES AND REGULATIONS

Since income from the rental of personal property is not described in section 856 (c) (3) (A), (B), (C), (D), or (E), such income is subject to tax under section 857(b) (4). A deduction is "directly connected" with gross income if it has a proximate and primary relationship to the earning of such income. Thus, in the case of gross income from real property, "directly connected" deductions would include depreciation on the property, interest on any obligations attributable to the carrying of the property, real estate taxes, and fees paid to an independent contractor hired to manage the property. On the other hand, general overhead and administrative expenses are not "directly connected" deductions.

(2) *Real estate investment trust taxable income.* The tax imposed by section 857(b) (4) applies only if there is net income from foreclosure property. If there is a net loss from foreclosure property (that is, if the aggregate computed under subparagraph (1) of this paragraph results in a negative amount) such loss is taken into account in computing real estate investment trust taxable income under section 857(b) (2).

(d) *Election on a property-by-property basis.* An election under section 856 (e) to treat property as foreclosure property shall be made on a property-by-property basis. Thus, if the REIT acquires property eligible for the election in each of two separate foreclosures with respect to two separate obligations, the REIT may make an election with respect to the property acquired upon either, or both, of the foreclosures.

(e) *Time for making election.* The election by a REIT to treat property as foreclosure property must be made on or before either the due date (including extensions of time) for filing the REIT's income tax return for the taxable year in which the REIT acquires the property with respect to which the election is being made, or April 3, 1975, whichever is later. Thus a REIT which acquires property eligible for the election after December 31, 1973, may make an election with respect to such property on or before April 3, 1975, even though the time prescribed by law (including extensions of time) for filing the income tax return for the taxable year in which the REIT acquires such property has expired (or will expire) before April 4, 1975.

(f) *Manner of making the election.* The election shall be made by a statement attached to the REIT's income tax return for the taxable year in which the REIT acquired the property with respect to which the election is being made. If, however, the income tax return for such year has been filed before the time expires for making the election, the election may be made either by filing an amended return for such year with the statement attached, or by filing the statement with the district director, or director of the internal revenue service center, with whom the return for such year was filed. The statement shall indicate that the election is made under section 856(e) and shall identify

the property to which the election applies. The statement shall also set forth—

(1) The name, address, and taxpayer identification number of the REIT,

(2) The taxable year in which the property with respect to which the election is being made was acquired, if the statement is not attached to a return or amended return,

(3) The date the property was acquired by the REIT, and

(4) A brief description of how the real property was acquired, including the name of the person or persons from whom such real property was acquired and a description of the lease or indebtedness with respect to which default occurred or was imminent.

(g) *Election is irrevocable.* An election made in accordance with paragraph (f) of this section shall be irrevocable.

Because of the need for immediate guidance with respect to the manner of making the election provided by section 6 of Pub. L. 93-625, it is found impracticable to issue this Treasury decision with notice and public procedure thereon 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.

(Sec. 7805, Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805))

[SEAL] DONALD C. ALEXANDER,
Commissioner of Internal Revenue.

Approved: March 20, 1975.

FREDERIC W. HICKMAN,
Assistant Secretary of the
Treasury.

[FR Doc. 75-7745 Filed 3-24-75; 8:45 am]

Title 29—Labor

CHAPTER XVII—OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION, DE- PARTMENT OF LABOR

PART 1910—OCCUPATIONAL SAFETY AND HEALTH STANDARDS

Standard for Exposure to Vinyl Chloride; Effective Date

Pursuant to sections 6(b) and 8(g) (2) of the Occupational Safety and Health Act of 1970 (84 Stat. 1593), 1600; 29 U.S.C. 655, 657), Secretary of Labor's Order No. 12-71 (36 FR 8754) and 29 CFR Part 1911, § 1910.93q of Part 1910 of Title 29, Code of Federal Regulations, is hereby amended in the manner set forth below. This amendment is made in order to conform the dates in paragraphs (g) (1), (o) (1) and (o) (2) of § 1910.93q to the order of the United States Court of Appeals for the Second Circuit in "The Society of the Plastics Industry, Inc., v. Occupational Safety and Health Administration," (Docket Nos. 74-2284, 74-2286, 74-2308, 74-2345, 74-2449, 74-2450, 74-2491, 74-2585, 74-2609, January 31, 1975).

A final standard for occupational exposure to vinyl chloride was published in the FEDERAL REGISTER on October 4, 1974 (39 FR 35890). The standard provided

comprehensive requirements to protect employees, which requirements were to become effective on January 1, 1975. The standard also provided for a continuation of the provisions of the emergency temporary standard (39 FR 12341) until the new standard became effective. In addition, some of the respiratory protection requirements in the new standard were not to become mandatory until after December 31, 1975.

Upon the publication of the final standard, manufacturers of vinyl chloride and vinyl chloride products filed petitions challenging the validity of the standard in several U.S. Courts of Appeals. The petitions were consolidated in the U.S. Court of Appeals for the Second Circuit where oral arguments were heard on December 13, 1974. The Court of Appeals decided, on January 31, 1975, to deny the petitions for review and to affirm the standard. Because of the passage of time, however, the court ordered that the January 1, 1975, effective date be delayed for 60 days after the date of its decision, and that the special time requirement for mandatory respiratory protection contained in 29 CFR 1910.93q (g) (1) be rescheduled accordingly. Therefore, to conform the standard to the court's order and thereby avoid any confusion as to effective date, § 1910.93q of Part 1910 of Title 29, Code of Federal Regulations, is hereby amended as set forth below.

§ 1910.93q [Amended]

1. Paragraph (g) (1) of § 1910.93q is amended by changing the date "December 31, 1975" in each of the first two sentences to "April 1, 1976."

2. Paragraphs (o) (1) and (o) (2) of effective date "January 1, 1975" in both § 1910.93q are amended by changing the paragraphs to "April 1, 1975."

(Secs. 6 and 8, Pub. Law 91-596, 84 Stat. 1593, 1600 (29 U.S.C. 655, 657); Secretary of Labor's Order No. 12-71, (36 FR 8754))

Signed at Washington, D.C. this 16th day of March, 1975.

JOHN STENDER,
Assistant Secretary of Labor.

[FR Doc. 75-7727 Filed 3-24-75; 8:45 am]

PART 1952—APPROVED STATE PLANS FOR ENFORCEMENT OF STATE STAND- ARDS

Approval of Minnesota State Poster

1. *Background.* Part 1953 of Title 29, Code of Federal Regulations, provides procedures under section 18 of the Occupational Safety and Health Act of 1970 (29 U.S.C. 667) (hereinafter referred to as the Act), for review of changes and progress in the development and implementation of State plans which have been approved in accordance with section 18(c) of the Act and Part 1902 of this chapter. On June 8, 1973, a notice was published in the FEDERAL REGISTER (38 FR 15076) of the approval of the Minnesota plan and of the adoption of Subpart N of Part 1952 containing the decision of approval. On January 27, 1975, the State of Minnesota submitted a

WRITTEN QUESTION No 593/74

by Mr Kater and Mr Willi Müller

to the Commission of the European Communities

(23 December 1974)

Subject: The health risk involved in the manufacture of PVC

In answer to our Written Question No 645/73 ⁽¹⁾ given in the middle of this year, the Commission stated that it would ask the International Agency for Research on Cancer of Lyons for available data on the toxicity of vinyl chloride and polyvinyl chloride, in order to take whatever practical action is possible in the light of the most up to date scientific knowledge. In the meantime new discoveries have been made which have, for example, led the authority responsible in the United States, OSHA, to impose new restrictions on the handling of substances used

in manufacturing PVC. In addition there are now numerous reports from Community countries which bear out the conclusion that the products referred to are highly dangerous to health and carcinogenic.

We ask the Commission:

1. Has the Commission carried out the follow-up to which it referred in answer to our question and what findings has it obtained?
2. Does the Commission appreciate that, purely as a precaution, measures should be taken immediately to draw up Community regulations to deal effectively with the risks involved in the production of PVC?

⁽¹⁾ OJ No C 53, 9. 5. 1974, p. 15.

Answer

(7 February 1975)

1. Yes. The Commission is in close touch with the International Agency for Research on Cancer (CIRC) at Lyons, which has defined a methodology for compiling data on a large scale. The expert group which has been commissioned to pursue these enquiries on behalf of the CIRC has just begun work. The Commission will inform the Honourable Members of its findings as soon as they are available.

The Commission also organized a scientific conference in Brussels on 17 and 18 September 1974 on the dangers of vinyl chloride monomer, a basic product used in the manufacture of many plastics, for workers and the environment.

There was broad agreement among those present that effective prevention must from the outset be based on a strict epidemiological approach. Concrete proposals were made and the Commission undertook to encourage and coordinate work in progress.

Information on 'new' industrial diseases and the criteria permitting their early diagnosis would be gathered by the Commission.

Lastly, it was proposed that a comparative study of methods, apparatus and legislation should be initiated to make controls more effective and results more comparable. This programme should lead to stricter supervision of workplaces and reduce the risks to workers who inhale vinyl chloride monomer vapours.

The Commission will publish the proceedings of this conference in the first half of 1975.

2. The Commission intends to call a meeting of government experts in the near future to examine the feasibility of the Community defining basic principles for protecting workers and the general public from vinyl chloride monomer poisoning.